



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

JAN 14 1999

Honorable Bennie J. Armstrong
Tribal Chairman
The Suquamish Tribe
P.O. Box 498
Suquamish, Washington 98394

Dear Chairman Armstrong:

On December 1, 1998, we received the First Amendment to the Tribal-State Compact for Class III Gaming between the Suquamish Tribe (Tribe) and the State of Washington (State), dated November 30, 1998 (Amendment). We have completed our review of this Amendment and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to delegated authority and Section 11 of IGRA, we approve the Amendment. The Amendment shall take effect when the notice of our approval, pursuant to Section 11 (d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

We approve the enclosed Amendment in spite of the language in Section 14.2, which apparently requires the Tribe to make charitable donations. IGRA provides that no State shall impose any tax, fee, charge, or other assessment upon an Indian tribe engaged in class III gaming activities, unless said tax, fee, charge, or other assessment is necessary to defray the cost of regulating class III gaming activities. 25 U.S.C. § 2710(d)(3)(C)(iii) and (d)(4). We believe that the charitable donations provision does not violate IGRA for several reasons. First, it appears that the Tribe has voluntarily entered into the agreement to make charitable donations, which are permissible payments under IGRA. 25 U.S.C. § 2710(b)(2)(B)(iv). There is nothing in the record that indicates that the State has required the Tribe to agree to Section 14.2 as a condition for negotiation of this Amendment. Had the record indicated otherwise, we would have had serious questions about whether Section 14.2 constituted a tax, fee, charge or other assessment in violation of IGRA.

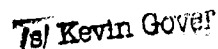
Second, the Tribe maintains considerable discretion as to the charities to which it will make donations. Although, Section 14.2 does not expressly state the methodology for determining the recipients of charitable donations, the Tribe's original compact provides that the Tribal gaming ordinance shall set forth the

regulations concerning the types of bonafide nonprofit organizations or types of projects of such organizations that will benefit from the Tribe's charitable donations. The Amendment appears to ensure that the Tribe has great latitude in determining the organizations to which it will contribute. This factor also weighs heavily in favor of concluding that the contributions are voluntary in nature.

Third, Section 14.4.2 of the Amendment provides that the Tribe does not have to make charitable donations if the Tribe does not realize a profit from class III gaming. Moreover, Section 14.2 establishes the charitable donation rate as .5 percent of the Tribe's net win. Taken together, these two provisions ensure that any charitable donations made in a given year will not threaten the viability of the Tribe's gaming establishment.

We wish the Tribe and the State success in their economic venture.

Sincerely,

 Kevin Gover

Assistant Secretary - Indian Affairs

Enclosure

Identical Letter Sent to: Honorable Gary Locke
Governor of Washington
Olympia, Washington 98504

cc: Portland Area Director w/copy of approved Amendment
Supt., Puget Sound Agency w/copy of approved Amendment
National Indian Gaming Commission w/copy of approved Amendment
Pacific Northwest Region Field Solicitor w/copy of approved Amendment
Western Dist., WA U.S. Attorney w/copy of approved Amendment

FIRST AMENDMENT TO THE TRIBAL/STATE COMPACT
FOR CLASS III GAMING
BETWEEN
THE SUQUAMISH TRIBE
AND THE STATE OF WASHINGTON

WHEREAS, on January 26, 1995, the State of Washington and the Suquamish Tribe executed a Class III Gaming Compact pursuant to the Indian Gaming Regulatory Act of 1988, P.L. 100-497, codified at 25 USC Section 2701 et seq. and 18 USC Section 1166-1168, and

WHEREAS, the Class III Gaming Compact executed by the State and the Tribe was approved by the Secretary of the Interior and is in full force and effect (hereinafter referred to as the "Compact"), and

WHEREAS, pursuant to negotiations conducted in accordance with the Order dated September 26, 1997 in State of Washington v. The Confederated Tribes of the Chehalis Reservation, et al., No. C-95-1805-FVS (W.D. Wa.), the State and Tribe have agreed to amend Section III. and to add Appendix X to the Compact to authorize the Tribal Lottery Systems as described in Appendix X.

NOW, THEREFORE, the Compact shall be and hereby is amended to read and state as follows:

1. Section III.A. is hereby amended by the addition of the following:

"III. NATURE, SIZE AND SCOPE OF CLASS III GAMING

"A. Scope of Class III Gaming Activities. A Tribal Gaming Operation may utilize in its Gaming Facility, subject to the provisions of this Compact, any or all of the following Class III activities:

"1. Blackjack;

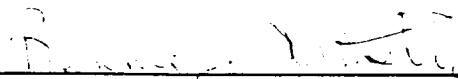
" . . .

"24. Tribal Lottery Systems. Notwithstanding anything in this Compact which could be construed to be to the contrary, Tribal Lottery Systems operated in conformity with Appendix X are hereby authorized."

2. Appendix X is added in the form attached hereto and is hereby incorporated by reference.

IN WITNESS WHEREOF, the Suquamish Tribe and the State of Washington have executed this amendment to the Compact.

SUQUAMISH TRIBE

BY: 
Bennie J. Armstrong, Chairman

Dated: 11-30, 1998.

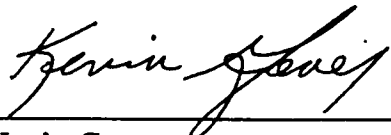
STATE OF WASHINGTON

BY: 
Gary Locke, Governor

Dated: 11-23, 1998.

Consistent with 25 U.S.C.A. Sec. 2710 (d)(8), the First Amendment to the Tribal-State Compact for Class III Gaming between the Suquamish Tribe and the State of Washington dated November 30, 1998, is hereby approved on this 14th day of January, 1999, by the Assistant Secretary - Indian Affairs, United States Department of the Interior.

UNITED STATES DEPARTMENT OF THE INTERIOR


Kevin Gover
Assistant Secretary - Indian Affairs

APPENDIX X
to the
THE SUQUAMISH TRIBE - STATE OF WASHINGTON
CLASS III GAMING COMPACT

RULES GOVERNING
TRIBAL LOTTERY SYSTEMS

SECTION 1.	OVERVIEW	1
SECTION 2.	DEFINITIONS	1
2.1	<u>Cashless Transaction System</u>	1
2.2	<u>Central Computer</u>	2
2.3	<u>Electronic Accounting System</u>	2
2.4	<u>Electronic Scratch Ticket</u>	3
2.5	<u>Electronic Scratch Ticket Game</u>	3
2.6	<u>Electronic Scratch Ticket Game Set</u>	3
2.7	<u>Electronic Scratch Ticket Game Subset</u>	3
2.8	<u>Game Play Credits</u>	3
2.9	<u>Manufacturing Computer</u>	4
2.10	<u>On-Line Lottery Game</u>	4
2.11	<u>On-line Lottery Game Ticket</u>	4
2.12	<u>Player Terminals</u>	4
2.13	<u>State Gaming Agency("SGA")</u>	4
2.14	<u>Tribal Gaming Agency ("TGA")</u>	4
2.15	<u>Tribal Lottery System</u>	5
SECTION 3	TRIBAL ELECTRONIC SCRATCH LOTTERY GAME SYSTEM	5
3.1	<u>Description of System Operation</u>	5
3.2	<u>Game Set and Subset Requirements</u>	7
3.3	<u>Data Required to be Available Prior to Commencement of an Electronic Scratch Ticket Game</u>	9
3.4	<u>Data Required to be Available Following the Completion of a Scratch Ticket Game</u>	10
3.5	<u>Software Auditing Tool to be Made Available</u>	10
3.6	<u>No Auditing of Game Sets While in Play; Dispute Process</u>	11
3.7	<u>Manufacturing Computer</u>	12
3.8	<u>Central Computer Used in Connection With Electronic Scratch Ticket Game</u>	13
3.9	<u>Player Terminals Used in Electronic Scratch Ticket Games</u>	14

SECTION 4	TRIBAL ON-LINE LOTTERY GAME SYSTEM	14
4.1	<u>Description of System Operation</u>	14
4.2	<u>Central Computer Used for On-Line Lottery Game</u>	16
4.3	<u>Player Terminals Used for On-Line Games</u>	17
4.4	<u>Verification and Viewing Requirements for On-Line Game Results</u>	18
4.5	<u>On-line Lottery Game Records</u>	18
4.6	<u>Redemption Period</u>	18
4.7	<u>Other Game Rules</u>	18
4.8	<u>Prizes; Jackpots</u>	19
SECTION 5	PLAYER TERMINALS	19
5.1	<u>Use as a Stand-Alone Gambling Device Prohibited</u>	19
5.2	<u>Features</u>	19
5.3	<u>Non-Volatile Backup Memory Required</u>	20
5.4	<u>On/Off Switch</u>	20
5.5	<u>Static Discharge/Interference</u>	20
5.6	<u>Accounting Meters</u>	20
5.7	<u>No Automatic Clearing of Accounting Meters; Reading and Resetting Meters</u>	21
5.8	<u>Display of Information</u>	22
5.9	<u>Protection of Displayed Information</u>	22
5.10	<u>Hardware Switches Prohibited</u>	22
5.11	<u>Networking Requirements</u>	22
5.12	<u>Prohibited Software Functions</u>	23
5.13	<u>Quick-Pick Function</u>	23
5.14	<u>Wagers; Displaying Electronic Scratch Ticket Outcomes</u>	23
SECTION 6	STANDARDS FOR RANDOM NUMBER GENERATORS USED WITHIN THE TRIBAL LOTTERY SYSTEM	
6.1	<u>Chi-Square Analysis</u>	24
6.2	<u>Runs Test</u>	24
6.3	<u>Correlation Analysis</u>	24
6.4	<u>Serial Correlation Analysis</u>	24
SECTION 7	ELECTRONIC ACCOUNTING SYSTEM	25
7.1	<u>Revenue Reporting Requirements</u>	25

SECTION 8	CASHLESS TRANSACTION SYSTEM SECURITY, REPORTING AND STORAGE REQUIREMENTS	29
8.1	<u>Player Accounts</u>	29
8.2	<u>Smart Cards</u>	31
8.3	<u>Other Functions</u>	31
SECTION 9	GENERAL SECURITY REQUIREMENTS	32
9.1	<u>Separation</u>	32
9.2	<u>Security</u>	32
9.3	<u>Secure Connections; DES or Equivalent Data Encryption</u>	32
9.4	<u>Surge Protection; Uninterrupted Power System (UPS)</u>	32
9.5	<u>Identification Plates</u>	32
9.6	<u>Locked Areas</u>	33
9.7	<u>Key Control Standards</u>	33
9.8	<u>MEAL Cards</u>	33
9.9	<u>Access Control</u>	33
9.10	<u>Cameras</u>	33
9.11	<u>Verification Data and Functions</u>	34
SECTION 10	TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY	34
10.1	<u>Designation of Independent Gaming Test Laboratory</u>	34
10.2	<u>Testing and Certification of Tribal Lottery Systems</u>	34
10.3	<u>Approval by the SGA</u>	36
10.4	<u>Modifications of Approved Lottery Systems; Emergency Certifications</u>	36
10.5	<u>Manufacturer's Conformity to Technical Standards</u>	36
10.6	<u>Payment of Gaming Test Laboratory Fees</u>	37
10.7	<u>Gaming Test Laboratory Duty of Loyalty</u>	37
10.8	<u>Random Inspections</u>	37
10.9	<u>SGA to be Supplied Model of Player Terminal and System</u>	37
SECTION 11	ALTERNATIVE STANDARDS PERMITTED	38
SECTION 12	TRIBAL LOTTERY SYSTEM TERMINAL ALLOCATIONS	38
12.1	<u>Initial Allocation</u>	38
12.2	<u>Compliance Requirement</u>	38
12.3	<u>Compliance Review</u>	39
12.4	<u>Further Conditions</u>	39
12.5	<u>Other Circumstances</u>	40
SECTION 13	STATE REGULATORY FEES	40
13.1	<u>Payment of Outstanding Fees</u>	40
13.2	<u>Set-up Fee</u>	41
13.3	<u>Payment of Tribe's Share of Set-up Fee</u>	41
13.4	<u>Annual Regulatory Fees</u>	42

13.5	<u>Regulatory Fee Disputes</u>	43
SECTION 14	OTHER PAYMENTS	44
14.1	<u>Impact Costs</u>	44
14.2	<u>Charitable Donations</u>	44
14.3	<u>Community Impacts</u>	44
14.4	<u>Payment</u>	44
SECTION 15	MORATORIUM	45
15.1	<u>Three year moratorium</u>	45
15.2	<u>Technical Changes</u>	46
15.3	<u>Amendments</u>	46
SECTION 16	DISPUTE RESOLUTION	46

APPENDIX X

RULES GOVERNING TRIBAL LOTTERY SYSTEMS

SECTION 1. OVERVIEW

This Appendix describes, authorizes and sets forth provisions applicable to the operation of a tribal lottery system conducted pursuant to the Indian Gaming Regulatory Act for playing electronic scratch ticket and on-line lottery games. The system utilizes player terminals with video displays which allow players to purchase chances and obtain game result information, a manufacturing computer which securely creates the finite set of chances used in the scratch ticket portion of the system, a central computer which stores and transmits game information and makes draws for the on-line lottery game, and an electronic central security and accounting system. In the scratch ticket game, preexisting scratch tickets are dispensed in an electronic format to players through the player terminals on an on-demand basis. In the on-line lottery game, drawings are conducted on a central computer independently of any activity at player terminals. The drawing results are then matched to player selections previously made on the player terminals. The system and games described and authorized herein are subject to the technical provisions set forth herein.

SECTION 2. DEFINITIONS

2.1 Cashless Transaction System. The means by which a player obtains, transfers and redeems Game Play Credits. The Cashless Transaction System permits a player to play the Tribal Lottery System without inserting cash (coins, tokens or paper currency) into, and to win prizes without receiving cash from, the Player Terminal. The Cashless Transaction System includes the following components:

2.1.1 The Electronic Accounting System;

2.1.2 One or more of the following: Plastic, cardboard, magnetic, or "smart" cards; paper; personal identification ("PIN") numbers; Game Play Credits obtained from the exchange of cash or cash equivalents; Game Play Credits displayed on the Player Terminal which were earned as prizes from prior play and not redeemed; and other means for effectuating play and awarding prizes without inserting or dispensing cash into or from the terminal, provided that all Game Play Credits (other than credits earned from prior play and remaining displayed on a Player Terminal) must have been paid for by cash or cash equivalent;

2.1.3 A means of accounting for player deposits of cash or cash equivalents and exchanges for and redemption of Game Play Credits which is independent of the Player Terminal, through a player's account, a voucher system, or a "smart" card or similar device for recording individual player data; and

2.1.4 A means by which players can redeem unused Game Play Credits for cash or cash equivalents, first by depositing credits into a player account, a voucher system, or a "smart" card system or similar device for recording individual player data, and then providing a means to exchange such credits for cash or cash equivalents. All exchanges for cash must be through a cashier or other separate redemption system.

2.2 Central Computer. A computer which conducts random drawings for On-line Lottery Games and, for Electronic Scratch Ticket games, stores and dispenses Electronic Scratch Tickets from Scratch Ticket Subsets which have been loaded into it from a Manufacturing Computer and are maintained in a secure manner.

2.3 Electronic Accounting System. A computer system that provides a secure means to receive, store and access data and record critical functions and activities, as set forth in Section 7.0.

2.4 Electronic Scratch Ticket. A predetermined winning or losing outcome in electronic form. Each Scratch Ticket represents a chance from among the finite set of chances that comprise an Electronic Scratch Ticket Game Set.

2.5 Electronic Scratch Ticket Game. A scratch ticket lottery game that is played in an electronic environment. A game has a specific set of rules including: The theme and types of symbols used; the total number of tickets in the game; the ratio or mix of winning and losing tickets; the prize structure, including number and dollar value of each prize; and price of a single ticket. The game is played by use of computer hardware and software to manufacture, store, distribute, sell, and display scratch tickets to players.

2.6 Electronic Scratch Ticket Game Set. A finite set of Electronic Scratch Tickets that is based on a template that has been designed in accordance with a specific set of rules, including the basic requirements of Section 3.2, governing the structure of an Electronic Scratch Ticket Game. Based on that template, an Electronic Scratch Ticket Game Set is created in a Manufacturing Computer in a secure and verifiable electronic form prior to the play of an Electronic Scratch Ticket Game. Each Electronic Scratch Ticket Game Set is uniquely identifiable, by serial number or otherwise, so that it can be distinguished from other game sets manufactured from the same template.

2.7 Electronic Scratch Ticket Game Subset. A defined group of Electronic Scratch Tickets that has been randomly selected from an Electronic Scratch Ticket Game Set and transmitted to a Central Computer in a fixed order for play. Each Electronic Scratch Ticket Game Subset is uniquely identifiable from all other Subsets selected from the same Game Set.

2.8 Game Play Credits. The means of representing value obtained from the exchange of cash or cash equivalents, or earned as a prize, which is used to effectuate play. Game Play Credits may be redeemed for cash or a cash equivalent.

2.9 Manufacturing Computer. A computer which creates Electronic Scratch Ticket Game Sets, randomly allocates tickets into Scratch Ticket Subsets, and delivers them to a Central Computer.

2.10 On-line Lottery Game. A lottery game by which players, through the use of Player Terminals, select numbers, symbols or other possible outcomes to be matched to outcomes that are subsequently and randomly selected in drawings which are electronically conducted on a Central Computer.

2.11 On-line Lottery Game Ticket. A paper, cardboard or electronically encoded medium onto which information is legibly printed, or is recorded electronically in a manner which can cause a Player Terminal to display, the outcome(s) and prize(s) won, if any, and other information associated with, an On-line Lottery Game drawing in which the player is enrolled.

2.12 Player Terminals. Electronic computer terminals housed in cabinets with input devices and video screens and with which players play the On-line Lottery and Electronic Scratch Ticket games. Player Terminals are not capable of playing gambling games as stand-alone devices.

2.13 State Gaming Agency ("SGA"). The agency of the State of Washington which has the authority and responsibility to carry out regulatory functions on behalf of the State in connection with a Tribal-State compact. Unless indicated otherwise in the compact or any law or regulations adopted in connection therewith, the SGA shall be the Washington State Gambling Commission.

2.14 Tribal Gaming Agency ("TGA"). The agency of the Tribe which has the authority and responsibility to carry out regulatory functions on behalf of the Tribe in connection with a Tribal-State compact. The TGA shall be as further defined in the compact.

2.15 Tribal Lottery System. Any lottery system operated pursuant to this Appendix.

All computers and terminals and the combination and components thereof in each system operated by the Tribe shall conform to the provisions of this Appendix.

SECTION 3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM

3.1 Description of System Operation

3.1.1 The Tribal Lottery System game known as the Electronic Scratch Ticket Game consists of a finite number of Electronic Scratch Tickets, a certain number of which, if drawn, entitle a player to prize awards at various levels. The scratch tickets are designed from a template in conformity with this Appendix and are created in Game Sets on a Manufacturing Computer from which Scratch Tickets are randomly selected and placed into Scratch Ticket Subsets. Each Game Set has a predetermined number of winners and values and is designed so as to assure players of an at least 75% payback of the amounts paid in the aggregate for all tickets in the Set. As a Game Set's tickets are placed into Subsets, the pool of tickets available from that Game Set for placement into Subsets diminishes, until each ticket in the Game Set has been placed into a Subset.

3.1.2 Scratch Ticket Subsets are transmitted to the Central Computer, where they are stored until dispensed electronically on demand to Player Terminals. Scratch Tickets are electronically dispensed from the Central Computer in the order within each Subset in which the tickets were received. Players compete against each other to draw winning tickets. As Subsets are used they are replaced by additional Subsets which have been created and delivered to the Central Computer in the same manner, until the Game Set has been depleted, ending that particular game. Different games based on different Game Sets may be offered simultaneously through the Central Computer.

3.1.3 A player initiates participation in an Electronic Scratch Ticket game at a Player Terminal, using Game Play Credits from the Cashless Transaction System. The monitor displays one or more of the Electronic Scratch Ticket games that are offered by the system, as well as other information such as graphics, game play and outcome information, and entertainment effects, subject to the limitations in Sections 5.2.2 and 5.2.3. The player chooses a particular game by touching the screen, pressing a button, or performing some other form of interaction with the Player Terminal.

3.1.4 Following the player's selection of a game or games, the player uses Game Play Credits displayed on the Player Terminal to purchase one or more Electronic Scratch Tickets. The pricing of tickets is governed by the provisions of Section 3.2.1. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

3.1.5 Prize structure, ticket purchase and selection, and wager information is displayed on the Player Terminal with respect to any game which is being played through that terminal.

3.1.6 After the player purchases an Electronic Scratch Ticket it is dispensed to the Player Terminal. The outcome associated with that ticket is shown on the Player Terminal only after the player touches the screen or performs some other physical interaction with the terminal to cause the outcome to be revealed. Any prizes won are displayed on the Player Terminal and may be in the form of Game Play Credits, the right to receive merchandise, or other valuable property.

3.1.7 Game Play Credits earned as prizes remain displayed and available for use in further play from that terminal. Game Play Credits also may be electronically transferred to a) a player's account in the Central Accounting System, b) a ticket or receipt printed by the Player Terminal, or c) a "smart" card or similar instrument. Once transferred, Game Play Credits may be a) used for further play on another terminal or b) redeemed for cash or cash equivalents through a cashier or other separate redemption system. Merchandise or other property won is collected in accordance with the rules of the game.

3.2 Game Set and Subset Requirements

3.2.1 Game Set Requirements. Each Game Set shall meet the following minimum requirements:

- a. Each Game Set shall be made up of a finite number of Electronic Scratch Tickets;
- b. All Scratch Tickets in a particular Game Set shall be of the same purchase price, not to exceed \$5.00, but a single Ticket may offer more than one opportunity to win a prize on the same wager;
- c. The payout percentage for the entire Game Set shall be no less than 75% of the total purchase price of all tickets in the set combined;
- d. Each Game Set shall be assigned a unique serial number; and
- e. Each ticket shall have a specific outcome and prize level associated with it.

3.2.2 Game Set Verification Process. Prior to commencement of play, the Game Set shall be verified as to the total number of tickets in the set and the number of winners at each prize level, including the amounts of such prizes, and the number of non-winners. The verification standards which the Game Set must meet are those set forth in Section 3.3.

3.2.3 Transmission of Subsets to Central Computer. Following verification of the Game Set, the Manufacturing Computer shall create ordered Scratch Ticket Subsets on demand from the Central Computer and transmit the ordered Subsets to it.

3.2.4 Subset Requirements. Each Electronic Scratch Ticket Game Subset shall meet the following minimum requirements:

- a. Within a given Game Set, each Subset shall be the same size and comprised of no less than 5,000, and no more than 10,000 Electronic Scratch Tickets, provided that in order to complete the distribution of all tickets in a Game Set, the final Subset derived from the Set may have less than the number of tickets in any other Subset and be less than 5,000;
- b. Each Subset shall be individually and uniquely identified by the Game Set serial number and a unique serial number for each Subset assigned in the order in which the Subsets are created;
- c. Scratch Tickets shall be dispensed from two or more Subsets of a given Game Set which have been securely stored in the Central Computer and which Subsets are rotated on a fixed and sequential, and not random basis;
- d. Scratch Tickets shall be dispensed from a Subset in the order in that Subset in which they were held in the Central Computer; and
- e. Once an Electronic Scratch Ticket has been dispensed to a Player Terminal from a Subset, it cannot be dispensed again.

3.2.5 Completion of Game. A Scratch Ticket Game is deemed to be completed only when all of the Electronic Scratch Tickets in a Game Set have been dispensed or the Game Set has been taken out of play. If any game set is withdrawn from play before completion of the game, the Tribe shall ensure that at least 75% of the revenues received from sales of Electronic Scratch Tickets in that game have been, or in future Electronic Scratch Ticket Games will be, awarded to players.

3.3 Data Required to be Available Prior to Commencement of an Electronic Scratch

Ticket Game. The following data shall be available to the TGA and SGA prior to the commencement of an Electronic Scratch Ticket Game and shall be maintained and be viewable both electronically and if requested, by printed report, upon demand:

3.3.1 A unique identifying Game Set serial number;

3.3.2 A description of the Game Set theme sufficient to categorize the Game Set relative to other Game Sets;

3.3.3 The number of total Scratch Tickets in the Game Set;

3.3.4 The number of Scratch Ticket Subsets to be created from the Game Set, and the number of tickets in each set;

3.3.5 The payout percentage of the entire Game Set;

3.3.6 The payout table for the Game Set and the number of Scratch Tickets at each level of the payout table;

3.3.7 The purchase price per ticket assigned to the Game Set;

3.3.8 The date and time that the game was stored on the Manufacturing Computer; and

3.3.9 Such further information as the SGA may reasonably require to assure the integrity and accuracy of the foregoing information.

3.4 Data Required To Be Available Following the Completion of a Scratch Ticket Game. Following the completion of an Electronic Scratch Ticket Game (i.e., upon the sale of all tickets in a Game Set or the withdrawal of the Set from play), the following data shall be available to the TGA and SGA and shall be maintained and viewable both electronically and if requested, by

printed report, upon demand:

3.4.1 The Game Set and Game Subsets serial numbers;

3.4.2 The total number of Electronic Scratch Tickets unsold, if the game is removed from play;

3.4.3 The total number of Electronic Scratch Tickets at each prize or other game category level, that were dispensed by the Central Computer to Player Terminals, and the total number of tickets in each such category that were sold at each Terminal;

3.4.4 The time and date that each Subset was transmitted to the Central Computer;

3.4.5 The time and date that the game was completed or removed from play;

3.4.6 The final payout percentage of the game; and

3.4.7 The sequence in which each ticket was dispensed from each Subset.

3.5 Software Auditing Tool to Be Made Available. For auditing and security purposes, any Tribal Lottery System shall include and have available for the SGA and the TGA a secure software tool to audit each Game Set and Subset which provides the same data as set forth in Section 3.3 and 3.4, provided that such tool shall be used only during authorized audits of Tribal Lottery System games and operations, or in cases of player disputes, and shall not be used for any other purpose without the consent of the TGA and the SGA.

3.6 No Auditing of Game Sets While in Play; Dispute Process

3.6.1 No Audit of Set While in Play. In order to provide maximum game integrity, no audit or other determination of the status of any Game Set or any Subset, including

but not limited to a determination of the prizes won or prizes remaining to be won, shall be conducted by anyone, including TGA and SGA personnel, while a Subset is in play without causing termination of the entire Game Set from which the Subset was derived as provided in Section 3.6.3.

3.6.2 Dispute Resolution: Impact on Game Set Play. In the event of a dispute by a player that cannot be resolved by ordinary means by Gaming Facility personnel as to the outcome, prize, wager made, or any other aspect of the player's participation in a Game Set being played, all relevant data shall be immediately collected, including but not limited to all meter readings, memory records, surveillance tapes, and any other reports or information regarding play at the Terminal for the play in dispute. Following the collection of all relevant data, the TGA shall be notified and requested to make an evaluation of whether or not the dispute involves the integrity of the hardware or software being used and to try and resolve the dispute. A report of all disputes shall be maintained by the TGA. If the dispute is not resolved within 72 hours from the time of the complaint, the TGA shall immediately forward a report to the SGA detailing the nature of the dispute. In the event the dispute is resolved, the TGA is not obligated to report to the SGA, but shall make TGA reports available for review.

3.6.3 Termination of Game Set. Protection of game integrity, even if it requires the early withdrawal of a Game Set from play, shall be the primary goal of this Appendix. If resolution of a patron dispute requires access to data or records stored on any part of a system other than the Player Terminal involved in the dispute, and such access can only be accomplished through a means by which data would be revealed that could materially assist anyone in determining the likelihood of a particular ticket being drawn, other than information available to all patrons, the Game Set shall be terminated prior to accessing such data or records.

3.6.4 TGA/SGA Disputes. In the event there is a dispute between the TGA and SGA at any point in the above process, it shall be resolved in accordance with the dispute resolution process for such issues set forth in the compact.

3.7 Manufacturing Computer

3.7.1 Security from Alteration, Tampering, or Unauthorized Access. The Manufacturing Computer shall provide a physical and electronic means, by use of a password or other method approved by the TGA and SGA, for securing the Game Set against alteration, tampering, or unauthorized access. The Manufacturing Computer shall provide a means for terminating the Game Set if unopened ticket information from an operating Game Set or Subset has been accessed except as permitted in this Appendix. The Gaming Test Laboratory shall certify that such security system, and a means for monitoring its use in accordance with this Appendix, is included in the system before it may be authorized for use.

3.7.2 Primary Purpose; Separation. The Manufacturing Computer shall be dedicated primarily to those Tribal Electronic Scratch Ticket gaming system functions related to the creation of Scratch Ticket Game Sets and the creation, randomization, and transmittal to the Central Computer of Scratch Ticket Subsets. It shall also be capable of generating the data necessary to provide the reports required in this Appendix. Notwithstanding the foregoing, the Manufacturing Computer may also be used for other computer functions in the Tribal Lottery System or Electronic Accounting System if such use will not affect the integrity or outcome of any game.

3.7.3 Storage Medium; Backup. The Manufacturing Computer shall have a medium for securely storing Electronic Scratch Ticket Game Sets and Subsets on the Manufacturing Computer which shall be mirrored on line by a backup medium within the same cabinet or enclosure. The Manufacturing Computer shall also provide a means for storing on it duplicates of the Subsets already transmitted to the Central Computer so as to reflect, on an ongoing basis, changes in the transmitted Subsets as they occur. In addition, duplicates of the Sets and Subsets, as created and stored on the Manufacturing Computer, shall be stored in a secure enclosure in the Gaming Facility separate from the Manufacturing Computer. All storage shall be through an error checking, nonvolatile physical medium, so that should the primary storage medium fail, the functions of the Manufacturing Computer and the process of auditing those functions can continue with no critical data loss.

3.7.4 Randomization. The Manufacturing Computer shall utilize randomizing procedures in the creation of the subsets. The randomizing procedures shall be in accordance with Section 6.0 of this Appendix.

3.8 Central Computer Used in Connection With Electronic Scratch Ticket Game. The following requirements apply to any Central Computer used in connection with an Electronic Scratch Ticket Game.

3.8.1 Dispensing of Tickets. The Central Computer shall dispense, upon request from a Player Terminal, an electronic Scratch Ticket.

3.8.2 Order of Scratch Tickets. The Central Computer shall maintain Electronic Scratch Ticket Subsets in the order received from the Manufacturing Computer, and transmit them in that order to Player Terminals on demand, provided that not less than two (2) nor more than five (5) Subsets per Game Set shall be dispensed in accordance with a predetermined order for rotating the Subsets. Subsets from more than one Game Set may be stored on the Central Computer and made available for play at the same time.

3.8.3 Storage Medium; Backup. The Central Computer shall have a medium for storing Electronic Scratch Ticket Game Subsets and reflecting their current status of play, which shall be mirrored on line by a backup medium within the same cabinet or enclosure, and on another medium in the Manufacturing Computer. All storage shall be through an error checking, nonvolatile physical medium, so that should the primary storage medium fail, the functions of the Central Computer can continue with no critical data loss.

3.8.4 No Randomization Capability. The Central Computer shall have no randomization capability associated with its use in an Electronic Scratch Ticket game.

3.9 Player Terminals Used in Electronic Scratch Ticket Games. Player Terminals used in connection with Electronic Scratch Ticket Games shall conform to the requirements of Section 5.0.

SECTION 4. TRIBAL ON-LINE LOTTERY GAME SYSTEM

4.1 Description of System Operation. Tribal On-line Lottery Games shall be played in accordance with the following provisions:

4.1.1 A player initiates participation in On-line Lottery Games at a Player Terminal, using Game Play Credits from the Cashless Transaction System which are displayed on the terminal video monitor. Play may also be initiated through a Player Terminal dedicated to On-line Lottery Games, or a clerk-operated Player Terminal. References herein to player activity and interaction with a Player Terminal in connection with an On-line Lottery Game shall also mean activity and interaction by a clerk on behalf of a player.

4.1.2 The Player Terminal video monitor displays one or more of the On-line Lottery games that are offered by the system, as well as other information such as graphics, game play, and outcome information, and entertainment effects, subject to the limitation in Sections 5.2.2 and 5.2.3. The player chooses a particular game by touching the screen, pressing a button, or performing some other form of interaction with the Player Terminal.

4.1.3 Following the player's choice of a game or games, the player selects numbers, symbols or other data to be matched in the game by pressing buttons or touching the video screen. The Player may also make such selections through the "quick pick" method. The player then uses Game Play Credits displayed on the terminal monitor to purchase one or more On-line Lottery Game Tickets representing such selections, for drawings to be held in the future.

4.1.4 Each On-line Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager, but each wager may not exceed \$5.00. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

4.1.5 The player's wager and selected numbers, symbols or other data to be matched in the game, along with information identifying the drawing(s) to which they apply, are provided to the player in some tangible means, such as by electronic encoding or printing on a paper, card or other medium. In addition, the numbers, symbols or other data selected may be displayed on the Player Terminal.

4.1.6 The player is then entered into one or more future On-line Lottery Games, which are conducted through drawings held on the Central Computer.

4.1.7 All drawings for any game are conducted within a period of 5 minutes or less, and all drawings for all games offered are held within that period. Drawings are held on a regularly scheduled basis and regardless of whether any player is enrolled in a particular On-line Lottery Game. Games take place no more frequently than thirty minutes apart, determined by when the first drawing in a game occurs. No more than five different On-line Lottery Games are offered at a time, unless the State increases the number of On-line Lottery Games it is now playing, thereby entitling the Tribe to increase the number of games it offers in accordance with the rules for doing so.

4.1.8 A Player Terminal may display a player's entry into an On-Line Lottery Game and the commencement of that game. The form of displaying information may be entertaining and at the discretion of the Tribe, except as limited in Sections 5.2.2 and 5.2.3. For

example, the terminal may alert the player through means of a count-down that the drawing in which the player is entered is about to occur. Information regarding prizes that may be awarded for each game are made available to the player prior to commencement of the game.

4.1.9 Following each drawing, the results are displayed and made available in accordance with the rules set forth in Section 4.4. Players win if their selections match a required number of drawn numbers or symbols, in accordance with the predetermined and published rules for that particular game. Results and prizes are verified in accordance with the rules set forth in Section 4.4, and are paid in Game Play Credits except where, due to the size of the prize, the rules specify some other method of payment. Prizes may also be awarded in the form of merchandise or other valuable property.

4.1.10 Game Play Credits earned as prizes remain displayed and available for use in further play from that terminal. Game Play Credits also may be electronically transferred through the Cashless Transaction System, such as to a) a player's account in the Central Accounting System, b) a ticket or receipt printed by the Player Terminal, or c) a "smart" card or similar instrument. Once transferred, Game Play Credits may be a) used for further play on another terminal or b) redeemed for cash or cash equivalents through a cashier or other separate redemption system. Merchandise or other property won is collected in accordance with the rules of the game.

4.2 Central Computer Used for On-Line Lottery Game. The following requirements apply to any Central Computer used in connection with an On-line Lottery Game.

4.2.1 Introduction. A Central Computer may, in addition to being available for use in connection with Electronic Scratch Ticket Games, be utilized in the On-line Lottery Game. The rules in this Section 4.2 govern that activity.

4.2.2 Randomization Capability. The Central Computer shall have randomization capability associated with its use in an On-line Lottery Game only. All drawings shall be on a random basis, using the randomization requirements set forth in Section 6.0.

4.2.3 Independent Drawings; Schedule of Drawings. Drawings on the Central Computer shall occur independently of any Player Terminal activity and regardless of whether or not players are enrolled in a game. On-line Lottery Game drawings shall be held on a regularly scheduled basis in intervals of no less than 30 minutes. Once a drawing period begins, all drawings during that period must be drawn within 5 minutes. Each drawing shall have its own identifying serial number.

4.2.4 Limit on Number of On-Line Lottery Games. The Tribe may have no more than five (5) On-Line Lottery Games in play at one time. Such games may be offered on more than one system within the facility. The number of games offered may be increased if, and by the same number, the State Lottery increases the number of On-line Lottery Games it offers.

4.3 Player Terminals Used for On-Line Games. Player Terminals used in connection with On-line Lottery Games shall conform to the requirements of Section 5.0. The following provisions shall also be applicable:

4.3.1 A Player Terminal may, in addition to being available for use in connection with Electronic Scratch Ticket Games, be used to play On-Line Lottery Games. The On-line Lottery Game may also be played from a Player Terminal dedicated to selling On-Line lottery tickets or by a clerk operating a Player Terminal for such purposes. References to Player Terminals herein shall include such dedicated and clerk-operated terminals.

4.3.2 The Player Terminal shall enable a player to select numbers, symbols or other data, through touching the screen or pressing one or more buttons on the terminal. The player may also ask for a "quick pick" selection via the use of a random number generator located in the Player Terminal and used solely for the On-line Lottery Games, provided that such random number generator shall meet the criteria set forth in Section 6.0.

4.3.3 The player's wager and selected numbers, symbols or other data, along with information identifying the drawing(s) to which they apply, shall be provided to the player through the Player Terminal in some tangible means using electronic encoding or printing on paper, card or other medium. Such information may also be displayed on the screen for review by the player.

4.4 Verification and Viewing Requirements for On-Line Game Results. The results of each On-line drawing on a Central Computer shall be available for display on a Player Terminal on demand by players enrolled in such games, and may be made available on one or more scoreboards, video screens or other electronic display devices sufficiently visible to enable players and other observers, including those not at Player Terminals, to view the outcome of the game. Printed result reports shall be made available in accordance with Section 4.5.

4.5 On-Line Lottery Game Records. The following records with respect to each On-Line Lottery Game shall be maintained and be viewable both electronically and if requested, by printed report, upon demand: The outcome of each drawing including all numbers drawn, the sequence of drawing, prizes available, prizes won (whether or not redeemed), and related information. Such reports shall be made available in the casino for player reference for up to 30 days following the close of any drawing period.

4.6 Redemption Period. Prizes may be redeemed by players for a period of no less than 48 hours following the drawing in any On-line Lottery Game.

4.7 Other Game Rules. The specific rules and prize structures for each On-line Lottery Game may vary, and shall be made available to players prior to making any wagers on that game. The rules shall indicate when, in relation to the commencement of the first drawing in a game, no further wagers on that game may be made. Each On-line Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager, but each wager may not exceed \$5.00.

4.8 Prizes; Jackpots. Every On-line Lottery Game must have at least one "jackpot" level prize paid, when won, from a lottery prize pool into which a percentage of each player's wagers, as set forth in the rules for that game, is placed and in which the Tribe shall have no interest. The prize pool may be seeded from time to time by promotional payments or interest-free loans from the Tribe. Jackpot prizes not won in a particular game shall be rolled forward into a future game in accordance with rules for disposing of such prizes. Rollover funds may replace the need for seeding a pool if the amount of such rollover funds exceeds the minimum prize available under the rules of that game. The player pool fund may not be used for any purpose other than payment of the jackpot prize.

SECTION 5. PLAYER TERMINALS

All Player Terminals shall conform at a minimum to the requirements of this Section 5.0.

5.1 Use as a Stand-Alone Gambling Device Prohibited. No Player Terminal shall be capable of being used as a stand-alone unit for the purposes of engaging in any gambling game, including but not limited to the lottery games described in this compact, or in any other way prohibited in this Appendix.

5.2 Features. Player Terminals shall include the following features:

5.2.1 Operation through the Cashless Transaction System;

5.2.2 One or more of the following: A video monitor, electro-mechanical display, printer, graphics and signage, provided that slot machine-type spinning reel mechanisms are prohibited in mechanical form or, prior to commencing the process of revealing an Electronic Scratch Ticket, in video display form; and

5.2.3 One or more of the following: electronic buttons, touch screen capability, and a mechanical, electro-mechanical or electronic means of activating the game and providing player input, including a means for making player selections and choices in games, provided that

slot machine-type handles are prohibited.

5.3 **Non-Volatile Backup Memory Required.** A non-volatile backup memory or its equivalent shall be maintained in a secure compartment on each Player Terminal for the purpose of storing and preserving a redundant set of critical data which has been error checked in accordance with this Appendix, and which data shall include, at a minimum, the following Player Terminal information:

5.3.1 Electronic Meters required by this Appendix;

5.3.2 Recall of all wagers and other information associated with the last ten (10) Electronic Scratch Ticket plays and the last ten (10) On-Line Lottery Games played; and

5.3.3 Error conditions that may have occurred on the Player Terminal.

5.4 **On/Off Switch.** An on/off switch that controls the electrical current that supplies power to the Player Terminal must be located in a secure place that is readily accessible within the interior of the Player Terminal.

5.5 **Static Discharge/Interference.** The operation of each Player Terminal must not be adversely compromised or affected by static discharge, liquid spills, or electromagnetic interference.

5.6 **Accounting Meters.** A Player Terminal must have electronic accounting meters which have tally totals to a minimum of eight (8) digits and be capable of rolling over when the maximum value of at least 99,999,999 is reached. The Player Terminal must provide a means for on-demand display of the electronic meters via a key switch or other secure method on the exterior of the machine. Electronic meters on each Player Terminal for each of the following data categories for Electronic Scratch Ticket games and On-line Lottery Games are required:

5.6.1 Credits, or equivalent monetary units, wagered on a cumulative basis on

that terminal;

5.6.2 If a Player Terminal offers more than one Electronic Scratch Ticket Game for play, then for each game, the meter shall record the number of credits, or equivalent monetary units, wagered and won for each game;

5.6.3 Hand-Paid and progressive jackpots paid for that terminal, which must include the cumulative amounts paid by an attendant for any such jackpot not otherwise metered pursuant to Section 5.6.2;

5.6.4 The number of Scratch Tickets purchased on the terminal;

5.6.5 The number of On-line Lottery wagers made on that terminal;

5.6.6 If a Player Terminal offers more than one Electronic Scratch Ticket Game for play, the meter shall record the number of Scratch Tickets purchased for each game; and

5.6.7 The number of times the cabinet door is opened or accessed.

5.7 No Automatic Clearing of Accounting Meters; Reading and Resetting Meters.
Under no circumstances shall the Player Terminal electronic accounting meters be capable of being automatically reset or cleared, whether due to an error in any aspect of its or a game's operation or otherwise. All meter readings must be recorded and dated in the presence of a TGA inspector both before and after an electronic accounting meter is cleared.

5.8 Display of Information. At a minimum, each Player Terminal shall have the following game information available for display on the video screen and/or displayed on the Player Terminal itself, in a location conspicuous to the player:

5.8.1 The rules of the game being played;

5.8.2 The maximum and minimum wagers and the amount of credits, or cash equivalents, which may be won for each Electronic Scratch Ticket and On-line Lottery Game offered through that terminal;

5.8.3 The player's credit balance;

5.8.4 The outcome of the Electronic Scratch Ticket(s) then being played; and

5.8.5 Any prize won on the Electronic Scratch Ticket(s) then being played.

5.9 Protection of Displayed Information. The video screen or other means for displaying game rules, outcomes and other game information shall be kept under a glass or other transparent substance which places a barrier between the player and the actual surface of the display. At no time may stickers or other removable media be placed on the Player Terminal's face for purposes of displaying rules or payouts.

5.10 Hardware Switches Prohibited. No hardware switches may be installed on a Player Terminal or any associated equipment which may affect the outcome or pay out of any game for which the Player Terminal is used. Switches may be installed to control the ergonomics of the Player Terminal.

5.11 Networking Requirements. Where the Tribe's Tribal Lottery System or components are linked with one another in a local network for progressive jackpot, function sharing, aggregate prizes or other purposes, communication protocols must be used which ensure that erroneous data or signals will not adversely affect the operations of any such system or components. No class III game or gaming system in which any part or component is located outside the Tribe's gaming facility shall be deemed approved as part of the approval of this Appendix. Any proposal for such game or gaming system, including the proposed rules, manner of regulation, and manner of play, shall require submission to, and approval by, the SGA and the Governor.

5.12 Prohibited Software Functions. Player Terminals shall not have software or hardware that determines the outcome of any Electronic Scratch Ticket Game. Nothing herein is intended to prohibit the Player Terminal from creating the appropriate Scratch Ticket and On-Line Game graphics and animation to correspond to, display or represent, in an entertaining manner, the outcome. In addition, Player Terminals shall not have any software that:

5.12.1 Determines which Scratch Ticket outcome from within the Scratch Ticket Subset is transmitted to the Player Terminal; or

5.12.2 Alters the amount of the payout of the Electronic Scratch Ticket as received from the Central Computer.

5.13 Quick-Pick Function. Nothing herein shall prohibit the use of a quick pick function on the Player Terminal in conjunction with the playing of the On-line Lottery Game.

5.14 Wagers; Displaying Electronic Scratch Ticket Outcomes. Players shall make wagers using a Player Terminal to purchase Electronic Scratch Tickets. Following a purchase, the Electronic Scratch Ticket shall be displayed on the Terminal's video screen for the purpose of revealing the outcome of the selected ticket, provided that players shall be required to physically interact with the terminal in order to reveal the outcome, such as by pressing a button or touching a video touch screen.

SECTION 6. STANDARDS FOR RANDOM NUMBER GENERATORS USED WITHIN THE TRIBAL LOTTERY SYSTEM

Any random number generation used in connection with the Tribal Lottery System must be by use of a microprocessor and random number generation program that meets the following random selection tests:

6.1 Chi-Square Analysis. Each card, symbol, number, or stop position which is wholly or partially determinative of the outcome of the game satisfies the 99 percent confidence limit using the standard chi-square analysis.

6.2 Runs Test. Each card, symbol, number, or stop position does not as a significant statistic produce predictable patterns of game elements or occurrences. Each card symbol, number, or stop position will be considered random if it meets the 99 percent confidence level with regard to the "runs test" or any generally accepted pattern testing statistic.

6.3 Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without regard to any other card, symbol, number or stop position, drawn within that game play. Each card, symbol, number, or stop position is considered random if it meets the 99 percent confidence level using standard correlation analysis.

6.4 Serial Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without reference to the same card, number, or stop position in the previous game. Each card, number, or stop position is considered random if it met the 99 percent confidence level using standard serial correlation analysis.

SECTION 7. ELECTRONIC ACCOUNTING SYSTEM

One or more Electronic Accounting Systems shall be required to perform reporting and other functions in support of the Tribal Lottery Game activities described in this Appendix. These systems may communicate with the other computers described in this document utilizing the protocol standards set forth in Section 9.3. The Electronic Accounting System shall not interfere with the outcome of any gaming functions.

7.1 Revenue Reporting Requirements. The following reporting capabilities must be provided by the Electronic Accounting System:

7.1.1 Player Terminal Revenue Report. A revenue report for each Player Terminal must be made and maintained on a confidential and secure basis which, at a minimum of a daily and monthly basis, provides:

- a. The total amount won per prize level for each Electronic Scratch Ticket Game and the total amount won per On-Line Lottery Game; and
- b. The amount wagered per Game type.

7.1.2 Electronic Scratch Game Reports. An Electronic Scratch Ticket Game report must be made and maintained on a confidential and secure basis which, on a minimum of a daily and monthly basis, provides as to each Electronic Scratch Ticket Game Set in play:

- a. All subsets in play without revealing the unused tickets and/or prizes remaining in the Subset;
- b. All completed subsets;
- c. The total number of Scratch Tickets sold/unsold in each Game Set;

- d. The total prizes paid/remaining to be paid in each Game Set; and
- e. The total jackpot amounts paid in each Game Set.

7.1.3 Electronic Scratch Ticket Security. The data collected pursuant to Section 7.1.1 and 7.1.2 with respect to Electronic Scratch Ticket games shall not be accessed by anyone until after completion or termination of the game.

7.1.4 On-line Lottery Game Reports. An On-line Lottery Game report must be made and maintained on a confidential and secure basis which, at a minimum of a daily and monthly basis, provides as to each On-line Lottery Game, the following information:

- a. Total sales;
- b. Total won per prize level;
- c. Total won per Player Terminal; and
- d. Activity per jackpot prize, for the accounting period and to-date, per Section 7.1.5.

7.1.5 Jackpot Report. A jackpot report must be made which provides, for the accounting period and to-date:

- a. Amount seeded;
- b. Amount in reserve fund;
- c. Current jackpot;

- d. Contribution total;
- e. Total paid in prizes;
- f. Itemized jackpot awards; and
- g. Amount, time of award, and the Player Terminal on which the jackpot was won.

7.1.6 Liability Report. A liability report will be required on a daily and monthly basis at a minimum. It should provide a summary of the outstanding funds which carry from business day to business day. At a minimum, it must include:

- a. Amount of prizes which were awarded, but have not yet been claimed;
- b. Detail of prizes for which redemption period expired during this reporting period;
- c. Unredeemed Game Play Credits; and
- d. Expired Game Play Credits.

7.1.7 Master Reconciliation Report. A master reconciliation report must be available on a daily and monthly basis, at a minimum. It provides a summary of all daily sources of funds and disposition of funds, including the following:

- a. Funds collected from cashiers and cash exchange kiosks;
- b. Funds carried forward from prior business day, including liability from prizes awarded, but not paid out, prize pool balances, and

reserve funds, etc.;

- c. Payments to players;
- d. Funds available to operator; and
- e. Tickets and prizes dispensed and played to reconcile with amount won.

7.1.8 Data Retention Requirements. Data necessary to audit compliance with the standards set forth in this Appendix shall be maintained for a minimum of 2 years, and in connection with determining randomness where applicable, for a minimum of 6 months. To the extent not inconsistent with the foregoing, data shall be retained and backed up by the Electronic Accounting System according to the following minimum requirements:

- a. Accounting records;
- b. Per Player Terminal, Cashier Terminal, or other points of cash exchange-daily records and meters: on-line for 6 months;
- c. Daily records and meters: off-line for 12 months;
- d. Game Set Records, as to each Player Terminal and by Game Set;
- e. The amount wagered and the amount won, daily by prize level, on line: 6 months;
- f. The amount wagered and the amount won, daily by prize level, off line: 6 months;
- g. On-line prize redemptions: 30 days;

- h. Dated cash vouchers: 30 days; and
- i. Undated bearer instruments: indefinitely or until instrument by its own terms expires.

SECTION 8. CASHLESS TRANSACTION SYSTEM SECURITY, REPORTING AND STORAGE REQUIREMENTS

8.1 Player Accounts. The following requirements shall be met in connection with any Cashless Transaction System:

8.1.1 All player account information must be stored on at least two separate non-volatile media;

8.1.2 An audit file must be kept of all financial transactions against the account. This file must be stored in at least two separate non-volatile media, and be accessible for purposes of audit and dispute resolution to authorized individuals; this file must be available on-line for a minimum of 30 days, after which it must be available off-line for a minimum of 180 days;

8.1.3 Access controls must be in place to guarantee that unauthorized individuals will not have access to account information or history;

8.1.4 Passwords or personal identification numbers (PINs), if used, must be protected from unauthorized access;

8.1.5 All means for communicating information within the system shall conform to the protocol standards set forth in Section 9.3;

8.1.6 Player accounts shall follow accounting procedures which are designed to verify and protect the accurate recording of all player transactions;

8.1.7 Any card or other tangible instrument issued to a player for the purpose of using the Cashless Transaction System shall bear on its face a control or inventory number unique to that instrument.

8.1.8 Encoded bearer instruments printed or magnetic may include coupons and other items distributed or sold for game play, promotional, advertising or other purposes, but may not include cash. Such instruments must be in electronically readable form in addition to having unique identification information printed on the instrument face. The daily and monthly reporting must include with respect to such instruments:

- a. Cash converted to Game Play Credits;
- b. Outstanding unredeemed balance;
- c. Game Play Credits converted to cash;
- d. Game Play Credits wagered; and
- e. Game Play Credits won.

8.1.9 All customer accounts or instruments must have a redemption period of at least 14 days.

8.2 **Smart Cards**. Any "smart card" (i.e., a card generally made of plastic with a computer chip imbedded in it) system which the Tribe intends to implement as part of the Cashless Transaction System shall be tested by the Gaming Test Laboratory to ensure the integrity of player funds, following the standards applicable to system accounts set forth in Section 8.1. Any smart card must store on the card or on the system using the card an audit trail of the last ten (10) transactions involving the use of the card. Each transaction record must include, at a minimum, the type of transaction, the amount of the transaction, the date of the

transaction, the time of the transaction, and the identification of the Player Terminal or cashier terminal or other points of cash exchange where the transaction occurred. The minimum daily and monthly reporting for smart card activity must include:

8.2.1 Total of cash transferred to smart cards;

8.2.2 Total of smart card amounts transferred to cash;

8.2.3 Total of smart card amounts transferred to Game Play Credits;

8.2.4 Total of Game Play Credits transferred to smart card amounts; and

8.2.5 Total unredeemed smart card balance.

8.3 Other Functions. Systems shall be permissible that allow player tracking, maintenance tracking, and other gaming management or marketing functions. These systems shall not interfere with, or in any way affect, the outcome of any Tribal Lottery Game being played. Systems shall be permissible that allow progressive prize management with the certification of the Gaming Test Laboratory and approval of the SGA.

SECTION 9. GENERAL SECURITY REQUIREMENTS

The following requirements apply to all components of the Tribal Lottery System, including the Manufacturing Computer, the Central Computer, the Electronic Accounting System and Player Terminals.

9.1 Separation. The Manufacturing Computer, Central Computer and Player Terminals in each Tribal Lottery System shall be physically and operationally independent from one another except as specified otherwise in this Appendix, such as for communications, storage and security monitoring, including the routing of communications among system components, provided such routing does not affect the integrity of the communications or the outcome of any game.

9.2 Security. The Manufacturing Computer and Central Computer must be in a locked, secure enclosure with both camera coverage and key controls in place.

9.3 Secure Connections; DES or Equivalent Data Encryption. Connections between all components of the Tribal Lottery System shall only be through the use of secure communication protocols which are designed to prevent unauthorized access or tampering, employing Data Encryption Standards (DES) or equivalent encryption with changeable seeds or algorithms.

9.4 Surge Protection; Uninterrupted Power System (UPS). Each component of the Tribal Lottery System shall at all times be connected to a device which provides surge protection on any line that feeds it and, with the exception of Player Terminals, shall be connected to a temporary power source, such as a UPS, to provide means for an orderly shutdown of the computer in the event of a main power system failure.

9.5 Identification Plates. A non-removable plate shall be affixed to the exterior of each Manufacturing Computer, Central Computer and Player Terminal which shall have written upon it

the computer or Terminal's serial number, model number, name of the manufacturer and a unique location or inventory number.

9.6 **Locked Areas.** The Manufacturing and Central Computers shall at a minimum be enclosed in a locked and monitored cabinet. Access shall be through the use of keys secured as provided in Section 9.7. The Player Terminal shall have at a minimum the following separately locked areas, which shall be the only means of accessing any non-public part of the terminal: (a) a locked and monitored cabinet door; and (b) a locked microprocessor compartment.

9.7 **Key Control Standards.** Keys which provide access to any locked compartment, component or area of a Tribal Lottery System shall be maintained and used in accordance with the key control standards enacted in the Tribe's statement of minimum internal controls.

9.8 **MEAL Cards.** For all entries into the locked areas of the Manufacturing Computer, Central Computer, or any Player Terminal, a written record must be made on a machine entry authorization log (MEAL) indicating at least the following: the time, date, and purpose of entering said locked area(s), and the name and employee number (or other personal identification specific to such person) of the person doing so.

9.9 **Access Control.** In addition to maintenance of MEAL cards, the Manufacturing and Central Computers and Player Terminals shall record and generate a report on any access including date, time of access, person (by employee number) accessing the computer, and the reason for access.

9.10 **Cameras.** Any Manufacturing Computer and storage related thereto, Central Computer and storage related thereto, and any Player Terminal, shall be monitored by camera and video recordings maintained thereof, in compliance with the requirements of the Compact.

9.11 Verification Data and Functions. In addition to its functions in operating a connection with the Electronic Scratch Ticket and On-line Lottery Games, the Central Computer may be used to record the data used to verify game play and to configure and perform security checks on Player Terminals, provided such functions do not affect the security, integrity or outcome of such games.

SECTION 10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY

10.1 Designation of Independent Gaming Test Laboratory. The SGA shall select one or more gaming test laboratories (hereinafter "Gaming Test Laboratory") to perform the testing required in this Appendix. Any Gaming Test Laboratory selected shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of electronic gaming systems and to otherwise perform the functions set forth in this compact. A Tribe may request additional laboratories be placed on the SGA's list of Gaming Test Laboratories which request shall not be reasonably withheld. Any laboratory that is currently licensed and approved by any state, province or country to test or evaluate electronic gaming devices or systems shall be placed on the list if after review by the SGA it is found to be so qualified and otherwise meets the background and licensing requirements applicable to such laboratories under Washington State Law. For any testing required under this Appendix, the Tribe shall choose a laboratory from those Gaming Test Laboratories on said SGA list. If, at any time, any of the Gaming Test Laboratory's licenses from any jurisdiction are suspended, terminated or subject to disciplinary actions, the Gaming Test Laboratories may be removed from the SGA's list. If removed from the SGA list, the Tribe shall choose a new Gaming Test Laboratory as provided herein.

10.2 Testing and Certification of Tribal Lottery Systems. No Tribal Lottery System may be offered for play unless:

10.2.1 Such Tribal Lottery System is approved by the SGA as provided in Section 10.3.

10.2.2 The Tribal Lottery System prototype thereof, has been tested and certified

by the Gaming Test Laboratory as meeting the requirements specified by this Appendix;

10.2.3 If not already provided to the Gaming Test Laboratory, the Tribe shall provide, or require that the manufacturer provide to the Gaming Test Laboratory two (2) copies of Tribal Lottery System illustrations, schematics, block diagrams, circuit analyses, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information requested by the Gaming Test Laboratory. The Tribe shall make all such materials available to the SGA upon request;

10.2.4 If requested by the Gaming Test Laboratory, the Tribe shall require the Manufacturer to transport not more than two (2) working models of the Tribal Lottery System to a location designated by the laboratory for testing, examination or analysis. Neither the State nor the Gaming Test Laboratory shall be liable for any costs associated with the transportation, testing, examination, or analysis, including any damage to the components of the Tribal Lottery System. If requested by the Gaming Test Laboratory, the Tribe shall require the Manufacturer to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis.

10.2.5 At the conclusion of each test, the Gaming Test Laboratory shall provide to the SGA and the TGA a report that contains findings, conclusions and a certification that the Tribal Lottery System conforms or fails to conform to the requirements contained in this compact. If the Gaming Test Laboratory determines that the device fails to conform to such requirements or technical standards, and if modifications can be made which would bring the Tribal Lottery System into compliance, the report may contain recommendations for such modifications. The State is not bound by the findings, conclusions or certifications of the Gaming Test Laboratory for purposes of its enforcement of the provisions of this compact.

10.3 Approval by the SGA. Upon receiving the certification from the test laboratory, the SGA shall either approve or disapprove the Tribal Lottery System or component thereof based on the technical criteria contained in this Appendix, within sixty (60) days of receipt of the certification as to any new Tribal Lottery System or component thereof, and within fifteen (15) days of the receipt of the certification as to any modification to a system which has already been approved by the SGA. The certification shall be deemed approved if no action is taken thereon by the SGA within said sixty (60) or fifteen (15) day period, as may be applicable. Any disputes arising out of the approval process in this Section 10.3 shall be resolved in accordance with the binding arbitration provisions of the Compact.

10.4 Modifications of Approved Lottery Systems; Emergency Certifications. No modification to any Tribal Lottery System may be made after testing, certification and approval of a Tribal Lottery System without certification of the modification by the Gaming Test Laboratory under Section 10.2 and approval thereof by the SGA under Section 10.3. In situations where immediate modifications are necessary to preserve the integrity of a Tribal Lottery System which has been operating pursuant to an approval obtained under section 10.3, the Gaming Test Laboratory may issue an emergency certification of the modification and that it must be made immediately to preserve the integrity of the Tribal Lottery System. Such emergency certifications shall be deemed to be temporarily approved by the SGA and remain in effect until the SGA takes action on the certification, which shall be governed by section 10.3, provided that no emergency certification shall be valid or effective until actually approved by the SGA if it was not received by the SGA within 5 days after being issued.

10.5 Manufacturer's Conformity to Technical Standards. Before any component of a Tribal Lottery System may be placed into operation, the Tribe shall first have obtained and submitted to the SGA a written Certification from the manufacturer that upon installation, each such component: (a) conforms to the specifications of the Tribal Lottery System as certified by the Gaming Test Laboratory; and (b) operates and plays in accordance with the requirements of this Compact. Authorization to operate a Tribal Lottery System requires that it operate and play in accordance with the requirements specified by this Appendix; provided that while the failure of such Tribal Lottery System to comply with such requirements will suffice as a grounds to enjoin

or otherwise terminate said Tribal Lottery System's operation, such non-compliance will not be deemed a violation of this Compact as long as the Tribe has relied in good faith on the certification of the manufacturer.

10.6 Payment of Gaming Test Laboratory Fees. The Tribe shall be responsible for the payment of all Gaming Test Laboratory fees and costs in connection with the duties described in this compact. The Tribe shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribe to the SGA, which shall have the right to audit such fees. In order to assure independence of the Gaming Test Laboratory, any Gaming Test Laboratory Payment delinquency by the Tribe of fees or costs due to the Gaming Test Laboratory may be grounds by the SGA for rejecting such laboratory's reports or certification.

10.7 Gaming Test Laboratory Duty of Loyalty. The Tribe shall inform the Gaming Test Laboratory in writing that, irrespective of the source of payment of its fees, the Gaming Test Laboratory's duty of loyalty and reporting requirements run equally to the State and the Tribe.

10.8 Random Inspections. The Tribe shall allow the SGA to inspect any components of the Tribal Lottery System for the purposes of confirming that such component is operating in accordance with the requirements of this compact and that such component is identical to that tested by an Independent Test Laboratory. Inspections shall be pursuant to the Facility access rules set forth in the Compact.

10.9 SGA to be Supplied Model of Player Terminal and System. If not already provided to the SGA, the SGA shall, upon request, be supplied a Player Terminal Central Computer and Manufacturing Computer to be held at the SGA's offices for purposes of determining compliance with these technical requirements.

SECTION 11. ALTERNATIVE STANDARDS PERMITTED

Notwithstanding anything in this Appendix to the contrary, the SGA and Tribe may agree on alternative provisions to those set forth herein, provided such provisions adequately preserve and protect the integrity and security of any game or gaming system or component, or accounting or auditing system or component, affected thereby.

SECTION 12. TRIBAL LOTTERY SYSTEM TERMINAL ALLOCATIONS

12.1 Initial Allocation. During the first year of operations under this Appendix, the Tribe shall be entitled to an allocation and operation of 425 Player Terminals ("Allocation").

12.2 Compliance Requirement. Following one year of operation, the SGA shall conduct a review of the Tribal Lottery System operation to determine whether the requirements set forth in Sections 12.2.1 through 12.2.5 have been satisfied. If the operation is in compliance, the Tribe's Allocation shall be increased to 675 Player Terminals. The following requirements shall be met:

12.2.1 There have been no violations of the provisions of the Compact that have resulted in sanctions imposed by the Federal District Court;

12.2.2 There have been no violations of the Compact which are substantial or would be deemed material due to repetition;

12.2.3 There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operations of the Class III gaming facility;

12.2.4 Any changes in the operating requirements which are necessary to accommodate the increase in terminals have been implemented; and

12.2.5 All fees due from Tribe under Section 13 have been paid, or in the alternative either a memorandum of understanding with the SGA ("MOU") has been entered into or an arbitration has been demanded, has not been resolved, and the Tribe has complied with the provisions of Section 13.5.

12.3 Compliance Review. Upon written request by the Tribe to review its compliance with the requirements set forth in Section 12.2, the SGA shall determine within 45 days if there has been such compliance, and shall notify the Tribe of its determination. If no notice of determination is provided to the Tribe within 10 days after due, the Tribe shall be deemed to be in compliance with Section 12.2 provisions. If the State Gaming Agency determines that the Class III operation has not satisfied such requirements, any resulting dispute will be resolved through the binding dispute resolution procedures set forth in this Compact.

12.4 Further Conditions. Provided the requirements of Sections 12.2.1 through 12.2.5 have been met and so determined by the SGA, or have been deemed to be so determined, the Tribe may increase the number of Player Terminals it is authorized to operate above the number of Terminals in its Allocation, up to a maximum of 1500 Player Terminals per facility, by acquiring allocation rights from any tribe which has entered into a compact authorizing operation of a Tribal Lottery System consistent with this Appendix ("Eligible Tribe"), or may transfer some or all of its Allocated Player Terminals to an Eligible Tribe, subject to the following conditions:

12.4.1 The Tribe agrees that its acquisitions and transfers of Player Terminals shall be made only pursuant to a plan approved by no less than a majority of the tribes that were Eligible Tribes at the time such plan was adopted. Development and approval of the plan shall follow notice to all Eligible Tribes and an opportunity to participate in creating the plan. Once adopted or amended, the plan shall stay in effect without change for at least one year, even if additional tribes become Eligible Tribes thereafter, but such additional tribes may participate in the plan. Changes in the plan shall not affect the validity or terms of prior transactions conducted between or among tribes under the plan. The State shall have no responsibility whatsoever with respect to the plan, including but not limited to responsibility for providing notices to tribes, determining if the plan has been agreed to properly, monitoring its rules or implementation, or any

other aspect of such plan, the entire responsibility for which shall be upon the Eligible Tribes.

12.4.2 The Tribe may transfer up to its full Allocation of Player Terminals to any other Eligible Tribe provided that it waives the right to operate that number of Player Terminals which it has so transferred.

12.4.3 The Tribe may not operate any Player Terminals acquired from any other Tribe's allocation until 30 days has elapsed following delivery to the State of a complete set of the documents which govern the transfer.

12.5 Other Circumstances. Notwithstanding anything in this Section 12 to the contrary, in the event the State agrees (or is required by law or a court ruling to agree) to permit an allocation of Player Terminals to a tribe which is greater, or is on terms which are more favorable, than as set forth herein, the Tribe shall be entitled to such greater Allocation or more favorable terms.

SECTION 13. STATE REGULATORY FEES

13.1 Payment of Outstanding Fees. All regulatory fees which have been billed by the SGA to the tribes collectively who are parties to State of Washington v. The Confederated Tribes of the Chehalis Reservation, NO. C 95-1805-FVS (W.D. Wa.), covering services through the most recent billing period, shall be paid prior to the Tribe being authorized to operate the Tribal Lottery Systems set forth in this Appendix. This requirement shall be deemed to have been met with respect to any fees as to which either a) a MOU has been entered into regarding such fees and the Tribe has paid all fees due through the most recent billing period as stated above, or b) an arbitration has been demanded and has not been resolved and the Tribe has made the payments and deposits required under Section 13.5.

13.2 Set-up Fee. As part of the recoverable cost of regulating Tribal Lottery Systems under this Appendix, the State shall be entitled to the reasonable cost of initially setting up such regulation ("Set-up Fee"), which shall not exceed for all Eligible Tribes, in the aggregate, the sum

of \$250,000. The Tribe acknowledges that the SGA's ability to regulate Tribal Lottery Systems, and thus the implementation of this Appendix, is contingent on the receipt by the SGA of an advance deposit to be credited against the Set-up Fee in the full amount of \$250,000 ("Set-up Deposit"). The Tribe agrees to cooperate and participate on a fair and pro rata basis (i.e., dividing the entire amount due by the number of Eligible Tribes at the time such determination is made) in any agreement among the Eligible Tribes with respect to the Set-up Deposit, which shall be paid to the SGA on the following minimum terms:

13.2.1 \$85,000 shall be received by the SGA within three months following the effective date of this Appendix;

13.2.2 \$85,000, plus any fees not yet paid under Section 13.2.1 provisions, shall be received by the SGA no later than six months following the effective date of this Appendix; and,

13.2.3 the remaining \$80,000 and any other amounts not yet paid under Sections 13.2.1 and 13.2.2 shall be received by the SGA prior to the Tribe's operation of the Tribal Lottery System.

13.3 Payment of Tribe's Share of Set-up Fee. As a condition to the Tribe's operation of the Tribal Lottery System under this Appendix, the Tribe shall deposit with the SGA its pro-rata share of the Set-up Deposit if the actual costs comprising the Set-up Fee have not yet been determined, or if so, of the Set-up Fee. In the event the Tribe pays the SGA more than its pro-rata share of the Set-up Deposit or, after the actual costs are determined, the Set-up Fee, it shall be reimbursed by way of future Regulatory Fee credits based on the collection by the SGA of additional pro-rata payments from other Eligible Tribes, the addition of such tribes and resulting recalculation of the pro-rata amount per tribe, or both, as the case may be. The pro-rata amount per tribe shall be redetermined by the SGA at least once a year to take into account the collection of further tribal pro-rata payments or the addition of new Eligible Tribes, and further credits due as a result thereof shall be applied to the next billing period.

13.4 Annual Regulatory Fees. The Tribe agrees to pay its share of the SGA's actual costs which are reasonably incurred in order to commence and carry out its regulatory functions with respect to the Tribe's gaming under this Appendix, through the payment of an annual Regulatory Fee. For the sake of convenience and efficiency, the Regulatory Fee shall also include any actual costs which were incurred by the SGA in connection with the Tribe's class III gaming other than those authorized under this Appendix, and shall supercede provisions in the Compact with respect to the imposition of such fees therein. "Actual costs" as used herein shall mean those costs that were reasonably incurred in order to protect the honesty and integrity of the gaming being operated by Tribe under, and to monitor the Tribe's compliance with, the Compact. Costs incurred in common for more than one tribe shall be allocated among such tribes. For purposes of this section 13, prior years' actual costs shall be based on the actual costs incurred for the twelve months ending September 30. Regulatory Fees shall be paid as follows:

13.4.1 First Year Regulatory Fees. With respect to the Regulatory Fee for the first calendar year or portion thereof commencing with the date of this Appendix, the SGA shall estimate its reasonable cost of regulating the Tribe's operation based on the prior billing year's actual costs incurred in connection with class III gaming other than as governed by this Appendix. The Tribe's Regulatory Fee for the first year shall be subject to adjustment as provided in Section 13.4.2 and 13.4.3. The total Regulatory Fee due from the Tribe for the first year, shall be due and payable in accordance with Section 13.4.3.

13.4.2 First Year Regulatory Fees for Tribal Lottery System. Upon commencement of operations of a Tribal Lottery System, the SGA shall make a good faith estimate of the cost of regulating the Tribe's activities under this Appendix for the remainder of the calendar year and shall adjust the Tribe's Regulatory Fee for that year established under 13.4.1 or 13.4.3 accordingly.

13.4.3 Subsequent Years. Notwithstanding anything in the Compact to the contrary, the Regulatory Fees for all class III activities under the Compact, including those applicable to the activities described in this Appendix (except for the first year fees set by estimate as provided in Sections 13.4.1 and 13.4.2, shall be set by determining the actual cost of regulating

all of Tribe's class III activities in the preceding year and setting and adjusting the coming year's Regulatory Fee based thereon. If the previous year's Regulatory Fee exceeded the SGA's actual cost of regulation, any excess which was paid will be applied as a credit to the payment of Regulatory Fees in such next year. In the alternative, the Regulatory Fee may be set by agreement between the Tribe and the SGA reached through good faith negotiations commenced at the request of the Tribe, the terms of which may include a fixed amount without subsequent adjustment if both parties, at their sole discretion, agree.

13.4.4 Billing and Payment. The SGA shall notify the Tribe of the forthcoming Regulatory Fee at least 45 days prior to its becoming due. Other than as may be provided in connection with a negotiated fee, Regulatory Fees may be paid for an entire year in advance of the date on which the billing year commences, or within 45 days of being notified of the forthcoming year's Regulatory Fee, whichever last occurs, in which event the Tribe shall receive a 10% discount. Regulatory Fees which are so paid and discounted shall not be subject to any retroactive adjustment based on the prior year's estimate having been over the actual costs of regulation. Except for a negotiated fee that provides otherwise, or payment in advance, Regulatory Fees shall be paid in no more than 12 equal monthly installments, each of which shall be due on the first day of each month, which monthly payments shall commence on the first day of the first month of the billing year, or within 45 days following notification of the amount of the forthcoming year's Regulatory Fee, whichever is later.

13.5 Regulatory Fee Disputes. If the Tribe disputes the State's determination of the Regulatory Fee, the Tribe shall pay no less than the amount of the fee which is not in dispute to the SGA when due and deposit the disputed amount into an escrow account that is restricted until such dispute is resolved. The dispute will be resolved pursuant to the binding arbitration provisions of this Compact. If the Tribe fails to make the required payment to the SGA or deposit into escrow, the State may pursue any of the remedies set forth in the Compact for the Tribe's breach thereof.

SECTION 14. OTHER PAYMENTS

In order to provide for impacts to local community services that may arise as a result of the gaming authorized under this Appendix, the following payments shall be made from revenues derived from Tribal Lottery System activities on the terms and conditions set forth below:

14.1 Impact Costs. Up to one-half of one percent (0.5%) of the net win derived from Tribal Lottery System activities, determined on an annual basis, shall be added to any amounts payable and distributable from other class III activities under the Compact in order to meet community impacts, to the extent such Compact amounts are insufficient to meet actual and demonstrated impact costs;

14.2 Charitable Donations. One-half of one percent (0.5%) of the net win derived from Tribal Lottery System activities, determined on an annual basis, shall be donated to non-tribal bona fide non-profit and charitable organizations in the State of Washington; and

14.3 Community Impacts. Up to one-half of one percent (0.5%) of the net win derived from the Tribal Lottery System, determined on an annual basis, determined by deducting from one percent of said net win the amounts actually paid under Sections 14.1 and 14.2 in said year, shall be applied to Tribal governmental programs which have an impact on the community by assisting the Tribe and its members in become self-sufficient, such as programs concerned with Tribal law enforcement, education, housing, health, elderly care, safety, and gaming regulation.

14.4 Payment. The payments set forth in Section 14.1 through 14.3 shall be subject to the following:

14.4.1 As used in this Section 14 and applied to revenues from the Tribal Lottery System, the term "net win" shall mean the total amount of Tribal Lottery System revenue after prizes or winnings have been paid out (i.e., the difference between the amount wagered or played and the amounts repaid to winners), less any cost of developing, licensing, or otherwise obtaining the use of the Tribal Lottery System.

14.4.2 Because IGRA requires that the Tribe be the primary beneficiary of gaming

revenues, no donation shall be due under Section 14.2 in any Tribal fiscal year in which the Tribe has not made a profit from its class III operation, taking into account the effect of such donation if made. As used herein, the term "profit" shall mean net profits associated with the operation of all class III gaming by the Tribe, as determined under GAAP, but without deduction for depreciation;

14.4.3 The Tribe and the State acknowledge that the Tribal Lottery System is a new and untested gaming system, which will have substantial start-up costs and uncertainties associated with it. In order to provide a means for adjusting for such uncertainties and expenses, the amounts due from Tribe under Sections 14.1, 14.2 and 14.3 shall be reduced by one-half as to the first year's revenues and payments, and by one-quarter as to the second year's revenues and payments.

SECTION 15. MORATORIUM

15.1 Three year moratorium. The Tribe agrees to seek no amendment to the compact with respect to the subject matter of gambling devices for a period of three (3) years from the date of execution of this Amendment by the Governor of the State of Washington, except in the following circumstances:

15.1.1 Federal or State law is amended to authorize any gambling devices now prohibited in the State and not governed by this Appendix;

15.1.2 A State or Federal Court within the State of Washington or a Federal Court interpreting the laws of the State of Washington issues a final and unappealable decision permitting participation by any person, organization or entity to use a gambling device that was not deemed by the State to be authorized at the time this Compact amendment was executed, or is not authorized by this Compact; or

15.1.3 Any other tribe located in the State of Washington obtains through a Compact, or Compact amendment, or any person or entity (including the State Lottery) is licensed to use or places in use, any type or number of Class III - type gambling device or

equipment which is materially different from or allows a greater quantity per location than that which is authorized by this Compact. In such event the Tribe shall be entitled to use such equipment or increase their allocation to a like number, subject to good faith negotiations with the State regarding the use and regulation of such equipment, which negotiations shall be subject to the dispute resolution provisions of this Compact.

15.2 Technical Changes. Nothing in this Section shall prohibit the Tribe or State from seeking changes of the technical provisions of this Appendix if the necessity or desirability for such changes becomes apparent in the development, testing, production, marketing, or use of the system. Neither party shall unreasonably deny such requests.

15.3 Amendments. Nothing in this Section shall diminish the right of the either party to amend the terms and conditions in this Compact by mutual agreement, as otherwise provided in this Compact.

SECTION 16. DISPUTE RESOLUTION.

In the event of a dispute hereunder, it shall be resolved in accordance with any dispute resolution provisions specifically made applicable in this Appendix to such disputes, or if there are none, under the binding arbitration provisions of the Compact.

APPENDIX A
SUQUAMISH TRIBE - STATE OF WASHINGTON
CLASS III GAMING - COMPACT
STANDARDS OF OPERATION AND MANAGEMENT
FOR CLASS III ACTIVITIES

<u>Section</u>	<u>Subject Matter</u>	<u>Page</u>
1	Definitions	A-1
2	Accounting Records	A-3
3	System of Internal Control	A-4
4	Forms, Records, Documents and Retention	A-4
5	Annual Audit and Other Reports	A-5
6	Closed Circuit Television System	A-6
7	Organization of the Tribal Operation	A-7
8	Personnel Assigned to the Operation and Conduct of Class III Gaming Activities	A-11
9	Cashier's Cage	A-11
10	Accounting Controls Within The Cashier's Cage	A-12
11	Drop Boxes	A-13
12	Drop Boxes, Transportation To and From Gaming Stations and Storage in the Count Room	A-14
13	Procedure For Exchange of Checks Submitted by Gaming Patrons	A-15
14	Procedure For Depositing Checks Received From Gaming Patrons	A-16

15	Procedure For Collecting and Recording Checks Returned to the Gaming Operation After Deposit	A-17
16	Procedure For Accepting Cash at Gaming Stations	A-17
17	Acceptance of Gratuities From Patrons	A-18
18	Adoption of Rules For Class III Activities	A-18
19	Station Inventories and Procedure For Opening Stations For Gaming	A-20
20	Procedure For Distributing Gaming Chips and Coins to Gaming Stations	A-21
21	Procedure For Removing Gaming Chips and Coins From Gaming Stations	A-24
22	Procedure For Shift Changes At Gaming Stations	A-27
23	Procedure For Closing Gaming Stations	A-28
24	Count Room: Characteristics	A-29
25	Procedure For Counting and Recording Contents of Drop Box	A-30
26	Signatures	A-33

STANDARDS OF OPERATION AND MANAGEMENT FOR CLASS III ACTIVITIES

1. DEFINITIONS

In these standards, unless the context indicates otherwise:

"Accounting Department" means the department established in the tribal gaming operation's system of organization to perform accounting functions in accordance with these standards;

"Cage Cashiers" means the cashiers performing any of the functions in the Cashier's Cage as set forth in these standards;

"Cash Equivalent" means a treasury check, personal check, travelers check, wire transfer of funds, money order, certified check, cashiers check, a check drawn on the tribal gaming operation payable to the patron or to the tribal gaming operation, or a voucher recording cash drawn against a credit card or charge card;

"Chief Operating Officer" means the senior executive of the tribal gaming operation exercising the overall management or authority over all the operations of the tribal gaming operation and overall management of gaming operation employees;

"Closer" means the original of the table inventory slip upon which each table inventory is recorded at the end of each shift;

"Tribal Gaming Agency" means the the Suquamish Indian Tribal Gaming Commission;

"Compact" means the Suquamish Tribe - State of Washington Gaming Compact adopted pursuant to the Indian Gaming Regulatory Act, 25 USC §2701 et seq.;

"Credit Slip" (known as a "Credit") means the document reflecting the removal of gaming chips and coins from a gaming station in accordance with these standards;

"Drop Box" means the metal container attached to a gaming station for deposit of cash and certain documents received at a gaming station as provided by these standards;

"Fill Slip" (known as a "Fill") means the document reflecting the distribution of gaming chips and coins to a gaming station as provided in these standards;

"Gaming Facility" means any gaming facility as defined in the Compact in which a tribal gaming operation is conducted;

"Gaming Facility Supervisor" means a person in a supervisory capacity and required to perform certain functions under these standards, including but not limited to, Pit Bosses, Gaming Facility Shift Managers, the Assistant Gaming Facility Manager and the Gaming Facility Manager;

"Imprest Basis" means the basis on which Cashier's Cage funds are replenished from time to time by exactly the amount of the net expenditures made from the funds and amounts received and in which a review of the expenditure is made by a higher authority before replenishment;

"Incompatible Function" means a function for accounting and internal control purposes that places any person or department in a position to both perpetrate and conceal errors or irregularities in the normal course of his or her duties. Anyone both recording transactions and having access to the relevant assets is in a position to perpetrate errors or irregularities.

"Independent Accountant" means a professional accountant suitably qualified and sufficiently independent to act as auditor of the tribal gaming operation;

"Inspector" means an employee of the Tribal Gaming Agency duly appointed by the agency as an inspector;

"Master Game Report" means a record showing the computation of the win or loss for each game, at each gaming station, for each shift;

"Opener" means the duplicate copy of the table inventory slip upon which each table inventory is recorded at the end of each shift and serves as the record of each table inventory at the beginning of the next succeeding shift;

"Pit" means the area enclosed or encircled by an arrangement of gaming stations in which gaming facility personnel administer and supervise the games played at the tables by the patrons located on the outside perimeter of the area;

"Request for Credit" means the document reflecting the authorization for preparation of a credit with respect to removal of gaming chips and coins from a gaming station in accordance with these standards;

"Request for Fill" means the document reflecting the request for the distribution of gaming chips and coins to a gaming station as provided in these standards;

"Security Department Member" means any person who is a member of the Security Department established in the tribal gaming operation's system of organization in accordance with these standards;

"State Gaming Agency" means the state agency responsible for review of the tribal gaming operation in accordance with the provisions of the Compact;

"Table Game Drop" means the sum of the total amounts of currency and coin removed from a drop box;

"Table Game Win or Loss" means the amount determined by adding the amount of cash or coin, the amount recorded on the closer, removed from a drop box, plus credits, and subtracting the amount recorded on the opener and the total of the amounts recorded on fills removed from a drop box;

"Tribal Gaming Operation" means the Class III gaming operation involving games authorized under Section III of the Compact.

2. ACCOUNTING RECORDS

- (1) The tribal gaming operation shall maintain complete accurate and legible records of all transactions relating to the revenues and costs of the gaming operation.
- (2) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on the accruals basis, and detailed, supporting, subsidiary records, sufficient to meet the requirements of paragraph (4).
- (3) The forms of accounts adopted should be of a standard form which would ensure consistency, comparability, and effective disclosure of financial information.
- (4) The detailed, supporting and subsidiary records shall include, but not necessarily be limited to:
 - (a) Records of all patrons' checks initially accepted, deposited, and returned as "Uncollected", and ultimately written off as "Uncollectible";
 - (b) Statistical game records to reflect drop and win amounts for each station, for each game, and for each shift;
 - (c) Records of investments in property and services, including equipment used directly in connection with the operation of Class III gaming;
 - (d) Records of amounts payable by the tribal gaming operation; and
 - (e) Records which identify the purchase, receipt and destruction of gaming chips used in wagering.

- (5) All accounting records shall be kept for a period not less than two (2) years from their respective dates.

3. SYSTEM OF INTERNAL CONTROL

- (1) The tribal gaming operation shall submit to the Tribal Gaming Agency and the State Gaming Agency a description of its system of internal procedures and administrative and accounting controls before gaming operations are to commence.
- (2) Each such submission shall contain both narrative and diagrammatic representation of the internal control system to be utilized by the tribal gaming operation.
- (3) The submission required by paragraph (1) shall be signed by the executive responsible for its preparation and shall be accompanied by a report of an independent accountant stating that the submitted system conforms in all respects to the principles of internal control required by these standards.

4. FORMS, RECORDS, DOCUMENTS AND RETENTION

- (1) All information required by these standards is to be placed on a form, record or document or in stored data in ink or other permanent form.
- (2) Whenever duplicate or triplicate copies are required of a form, record or document:
 - (a) The original, duplicate and triplicate copies shall be color coded.
 - (b) If under these standards, forms, records, and documents are required to be inserted in a locked dispenser, the last copy shall remain in a continuous unbroken form in the dispenser; and
 - (c) If under these standards, forms or serial numbers of forms are required to be accounted for or copies of forms are required to be compared for agreement and exceptions noted, such exceptions shall be reported immediately in writing to the Tribal Gaming Agency for investigation.
- (3) Unless otherwise specified in these standards or exempted by the Tribal Gaming Agency, all forms, records, documents and stored data required to be prepared, maintained and controlled by these standards shall:

- (a) Have the title of the form, record, document, or stored data imprinted or pre-printed thereon or therein;
- (b) Be located on Suquamish Indian Lands or such other location as is approved by the Tribal Gaming Agency; and
- (c) Be retained for a period of at least two (2) years in a manner that assures reasonable accessibility to inspectors of the Tribal Gaming Agency and personnel of the State Gaming Agency.

5. ANNUAL AUDIT AND OTHER REPORTS

- (1) The tribal gaming operation shall, at its own expense, cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent accountant.
- (2) The annual financial statements shall be prepared on a comparative basis for the current and prior calendar or fiscal year and shall present the financial position and results of operations in conformity with generally accepted accounting principles.
- (3) Two copies of the audited financial statements, together with the report thereon of the tribal gaming operation's independent accountant shall be filed with the Tribal Gaming Agency and with the State Gaming Agency not later than 120 days following the end of the calendar or fiscal year. Extensions may be granted by the Tribal Gaming Agency for extenuating circumstances.
- (4) The tribal gaming operation shall require its independent accountant to render the following additional reports:
 - (a) A report on material weakness in accounting and internal controls. Whenever, in the opinion of the independent accountant, there exists no material weaknesses in accounting and internal controls, the report shall say so; and
 - (b) A report expressing the opinion of the independent accountant that, based on his or her examination of the financial statements, the tribal gaming operation has followed, in all material respects, during the period covered by his or her examination, the system of accounting and internal control on file with the Tribal Gaming Agency. Whenever, in the opinion of the independent accountant, the tribal gaming operation has deviated from the system of accounting and internal controls filed with the Tribal Gaming Agency,

or the accounts, records, and control procedures examined are not maintained by the tribal gaming operation in accordance with the Compact and these standards, the report shall enumerate such deviations regardless of materiality, the areas of the system no longer considered effective and shall make recommendations in writing regarding improvements in the system of accounting and internal controls.

- (5) Two copies of the reports required by paragraph (4) and two copies of any other reports on accounting and internal control, administrative controls, or other matters relating to the tribal gaming operation's accounting or operating procedures rendered by the tribal gaming operation's independent accountant, shall be filed with the Tribal Gaming Agency and with the State Gaming Agency by the tribal gaming operation within 120 days following the end of each fiscal year or within thirty (30) days of receipt whichever is earlier. Provided, extensions may be granted for extenuating circumstances by the Tribal Gaming Agency.

6. CLOSED CIRCUIT TELEVISION SYSTEM

- (1) The tribal gaming operation shall install a closed circuit television system according to the following specifications.
- (2) The closed circuit television system shall include, but need not be limited to the following:
 - (a) Light sensitive cameras some with zoom, scan and tilt capabilities to effectively and clandestinely monitor in detail and from various vantage points, the following:
 - (i) The gaming conducted at each gaming station in the gaming facility and the activities in the gaming facility pits;
 - (ii) The operations conducted at and in the cashier's cage;
 - (iii) The count processes conducted in the count rooms in conformity with these standards;
 - (iv) The movement of cash, gaming chips, drop boxes, and drop buckets in the establishment;
 - (v) The entrances and exits to the gaming facility and the count rooms; and
 - (vi) Such other areas as the Tribal Gaming Agency designates.

- (b) Video units with time and date insertion capabilities for taping what is being viewed by any camera of the system; and
 - (c) One or more monitoring rooms in the establishment which shall be in use at all times by the employees of the security department assigned to monitor the activities in the gaming facility and which may be used as necessary by the inspectors of the Tribal Gaming Agency and agents of the State Gaming Agency; and
 - (d) Audio capability in the count rooms.
- (3) Adequate lighting shall be present in all areas, including gaming stations and pits, where closed circuit camera coverage is required.
- (4) The tribal gaming operation shall be required to maintain a surveillance log of all surveillance activities in the monitor room. The log shall be maintained by monitor room personnel and shall include, at a minimum, the following:
- (a) Date and time of surveillance;
 - (b) Person initiating surveillance;
 - (c) Reason for surveillance;
 - (d) Time of termination of surveillance;
 - (e) Summary of the results of the surveillance;
 - (f) A record of any equipment or camera malfunctions.
- (5) The surveillance log shall be available for inspection at any time by inspectors of the Tribal Gaming Agency and agents of the State Gaming Agency.
- (6) Video or audio tapes shall be retained for at least seven (7) days and at least thirty (30) days in the case of tapes of evidentiary value, or for such longer period as the Tribal Gaming Agency or the State Gaming Agency may require.
- (7) Entrances to the closed circuit television monitoring rooms shall not be visible from the gaming facility area.

7. ORGANIZATION OF THE TRIBAL GAMING OPERATION

- (1) The tribal gaming operation shall have a system of internal control that includes the following:

- (a) Administrative control, which includes but is not limited to the plan of organization and the procedures and records that are concerned with the decision making processes leading to management's authorization of transactions; and
 - (b) Accounting control which includes the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and are consequently designed to provide reasonable assurance that:
 - (i) Transactions are executed in accordance with the management's general and specific authorization which shall include the requirements of these standards;
 - (ii) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and with these standards, and to maintain accountability for assets;
 - (iii) Access to assets is permitted only in accordance with management's authorization which shall include the requirements of these standards; and
 - (iv) The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (2) The tribal gaming operation's system of internal control shall provide for:
- (a) Competent personnel with an understanding of prescribed procedures; and
 - (b) The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties.
- (3) The tribal gaming operation shall, at a minimum, establish the following departments:
- (a) A security department supervised by the head of the security department who shall cooperate with, yet perform independently of, all other departments and shall report directly to the Chief Operating Officer of the tribal gaming operation regarding matters of policy, purpose, and responsibilities. The head of security shall be responsible for, but not limited to the following:

- (i) The clandestine surveillance of the operation and conduct of the table games;
- (ii) The clandestine surveillance of the operation of the cashier's cage;
- (iii) The video and audio taping of activities in the count rooms;
- (iv) The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility, count rooms, and cashier's cage;
- (v) The video taping of illegal and unusual activities monitored; and
- (vi) The notification of appropriate gaming facility supervisors, and the Tribal Gaming Agency upon the detection and taping of cheating, theft, embezzlement, or other illegal activities.
- (vii) Security Department to control issue, collection and storage of cards, shoes, dice and other gaming devices deemed appropriate, and to control disposition and/or destruction of same.

No present or former surveillance department employee shall be employed in any other capacity in the tribal gaming operation unless the Tribal Gaming Agency, upon petition approves such employment in a particular capacity upon a finding that: (i) one year has passed since the former surveillance department employee worked in the surveillance department; and (ii) surveillance and security systems will not be jeopardized or compromised by the proposed employment of the former surveillance department employee in the capacity proposed; and (iii) errors, irregularities, or illegal acts cannot be perpetrated and concealed by the former surveillance department employee's knowledge of the surveillance system in the capacity in which the former surveillance department employee will be employed.

- (b) A gaming facility department supervised by a gaming facility manager who shall perform independently of all other departments and shall report directly to the chief operating officer. The gaming facility manager shall be responsible for the operation and conduct of all Class III activities conducted in the gaming facility.
- (c) A gaming facility accounting department supervisor who shall report directly to the chief operating officer.

The supervisor responsibilities shall include, but not be limited to, the following:

- (i) accounting controls;
 - (ii) the preparation and control of records and data required by these standards; and
 - (iii) the control of stored data, the supply of unused forms, the accounting for and comparing of forms used in the gaming operating and required by these standards;
- (d) A cashier's cage supervised by a cage supervisor who shall supervise cage cashiers and cooperate with, yet perform independently of, the gaming facility and security departments, and shall be under the supervision of, and report directly to the chief operating officer. The cashier's cage shall be responsible for, but not limited to the following:
- (i) the custody of currency, coin, patron checks, gaming chips, and documents and records normally associated with the operation of a cashier's cage;
 - (ii) the approval, exchange, redemption and consolidation of patron checks received for the purpose of gaming in conformity with the gaming operation's standards;
 - (iii) the receipt, distribution and redemption of gaming chips in conformity with these standards; and
 - (iv) such other functions normally associated with the operation of a cashier's cage.
- (4) The tribal gaming operation's personnel shall be trained in all accounting and internal control practices and procedures relevant to each employee's individual function. Special instructional programs shall be developed by the tribal gaming operation in addition to any on-the-job instruction sufficient to enable all members of the departments required by this standard to be thoroughly conversant and knowledgeable with the appropriate and required manner of performance of all transactions relating to their function.

8. PERSONNEL ASSIGNED TO THE OPERATION AND CONDUCT OF CLASS III GAMING ACTIVITIES

- (1) Table games shall be operated by dealers or croupiers who shall be the persons assigned to each gaming station.
- (2) A pit boss shall be the supervisor assigned the responsibility for the overall supervision of the operation and conduct of gaming at the table games played within a single pit and shall oversee any intermediate supervisors assigned by the tribal gaming operation to assist in supervision of table games in the pit.
- (3) A gaming facility shift manager shall be the supervisor assigned to each shift with the responsibility for the supervision of table games conducted in the gaming facility. In the absence of the gaming facility manager, the gaming facility shift manager shall have the authority of a gaming facility manager.
- (4) Nothing in this standard shall be construed to limit the tribal gaming operation from utilizing personnel in addition to those described herein.

9. CASHIER'S CAGE

- (1) As part of the gaming operation there shall be on or immediately adjacent to the gaming floor a physical structure known as the cashier's cage ("cage") to house the cashiers and to serve as the central location for the following:
 - (a) The custody of the cage inventory comprising currency, coin, patron checks, gaming chips, forms, documents and records normally associated with the operation of a cage;
 - (b) the approval of patron checks for the purpose of gaming in conformity with these standards;
 - (c) the receipt, distribution, and redemption of gaming chips in conformity with these standards; and
 - (d) such other functions normally associated with the operation of a cage.
- (2) The tribal gaming operation shall have a reserve cash bankroll in addition to the imprest funds normally maintained by the cashier's cage, on hand in the cashier's cage or readily available to the cashier's cage at the opening of every shift in a minimum amount established by the tribal gaming operation.

- (3) The cage shall be designed and constructed to provide maximum security including, at a minimum, the following:
- (a) An enclosed structure except for openings through which items such as gaming chips, checks, cash, records, and documents can be passed to service the public and gaming stations;
 - (b) Manually triggered silent alarm systems connected directly to the monitoring rooms of the closed circuit television system and the security department office,
 - (c) Access shall be through a locked door.
 - (i) The system shall have closed circuit television coverage which shall be monitored by the gaming facility security department.
- (4) The tribal gaming operation shall place on file with the Tribal Gaming Agency the names of all persons authorized to enter the cage, those who possess the combination or the keys or who control the mechanism to open the locks securing the entrance to the cage, and those who possess the ability to operate the alarm systems.

10. ACCOUNTING CONTROLS WITHIN THE CASHIER'S CAGE

- (1) The assets for which the cashiers are responsible shall be maintained on an imprest basis. At the end of each shift, the cashiers assigned to the outgoing shift, shall record on a cashier's count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and shall reconcile the total closing inventory with the total opening inventory.
- (a) Cashiers functions shall be, but are not limited to the following:
 - (i) Receive cash, checks, and gaming chips from patrons for check consolidations, total or partial redemptions or substitutions;
 - (ii) Receive gaming chips from patrons in exchange for cash;
 - (iii) Receive travelers checks and other cash equivalents from patrons in exchange for currency or coin;
 - (iv) Receive documentation with signatures thereon, required to be prepared for the effective segregation of functions in the cashier's cage;

- (v) Receive from security department members, chips and coins removed from gaming stations in exchange for the issuance of a credit;
 - (vi) Receive from security department members, requests for fills in exchange for the issuance of a fill and the disbursement of gaming chips;
 - (vii) Receive cash from the coin and currency count rooms;
 - (viii) Prepare the overall cage reconciliation and accounting records; and
 - (ix) Perform such other functions as necessary to ensure proper accountability consistent with these standards.
- (2) The tribal gaming operation in its discretion may utilize the necessary number of independent cashiers to ensure compliance with these standards.
 - (3) Signatures attesting to the accuracy of the information contained on the following sheets shall be, at a minimum:
 - (a) On the cashiers count sheet, the fill bank closeout sheet, and the main bank closeout sheet, the signatures of the cashiers assigned to the incoming and outgoing shifts.
 - (4) At the conclusion of gaming activity each day, at a minimum, copies of the cashier's count sheet, recapitulation, fill, main, and related documentation, shall be forwarded to the accounting department for agreement of opening and closing inventories, and agreement of amounts thereon to other forms, records and documentation required by these standards or for the recording of transactions.

11. DROP BOXES

- (1) Each gaming station in a gaming facility shall have attached to it a metal container known as a "Drop Box", in which shall be deposited all cash, duplicate fills and credits, requests for fills and credits, and station inventory forms.
- (2) Each drop box shall have:
 - (a) One separate lock securing the contents placed into the drop box, the key to which shall be different from any other key;

- (b) A separate lock securing the drop box to the gaming stations, the key to which shall be different from the key to the lock securing the contents of the drop box;
 - (c) An opening through which currency, coins, forms, records and documents can be inserted into the drop box;
 - (d) Permanently imprinted or impressed thereon, and clearly visible a number corresponding to a permanent number on the gaming station to which it is attached, and a marking to indicate game and shift, except that emergency drop boxes may be maintained without such number or marking, provided the word "emergency" is permanently imprinted or impressed thereon and, when put into use, are temporarily marked with the number of the gaming station and identification of the game and shift.
- (3) The key utilized to unlock the drop boxes from the gaming stations shall be maintained and controlled by the security department.
 - (4) The key to the lock securing the contents of the drop boxes' shall be maintained and controlled by the Tribal Gaming Agency.

12. DROP BOXES, TRANSPORTATION TO AND FROM GAMING STATIONS AND STORAGE IN THE COUNT ROOM

- (1) All drop boxes removed from the gaming stations shall be transported, at a minimum, by one security department member and one employee of the tribal gaming operation directly to, and secured in, the count room.
- (2) All drop boxes, not attached to a gaming station, shall be stored in the count room in an enclosed storage cabinet or trolley and secured in such cabinet or trolley by a separately keyed, double locking system. The key to one lock shall be maintained and controlled by the security department and the key to the second lock shall be maintained and controlled by the Tribal Gaming Agency inspector.
- (3) Drop boxes, when not in use during a shift may be stored on the gaming stations provided that there is adequate security. If adequate security is not provided during this time, the drop boxes shall be stored in the count room in an enclosed storage cabinet or trolley as required in paragraph (2).

13. PROCEDURE FOR EXCHANGE OF CHECKS SUBMITTED BY GAMING PATRONS

- (1) Except as otherwise provided in this section, no employee of the tribal gaming operation, and no person acting on behalf of or under any arrangement with the tribal gaming operation, shall make any loan, or otherwise provide or allow to any person any credit or advance of anything of value or which represents value to enable any person to take part in gaming activity as a player; provided, that nothing in these standards shall restrict the use of any automatic device for providing cash advances on patrons' credit cards or bank cards in accordance with normal commercial practices; Provided further, that nothing in these standards shall restrict the use of patron checks when utilized in accordance with these standards.
- (2) All personal checks sought to be exchanged in the tribal facility by a patron shall be:
 - (a) Drawn on a bank and payable on demand;
 - (b) Drawn for a specific amount;
 - (c) Made payable to the tribal gaming operation; and
 - (d) Currently dated, but not post dated.
- (3) All checks sought to be exchanged at the cashiers' cage shall be:
 - (a) Presented directly to the cashier who shall:
 - (i) Restrictively endorse the check "for deposit only" to the tribal gaming operation's bank account;
 - (ii) Initial the check;
 - (iii) Date and time stamp the check;
 - (iv) Immediately exchange the check for currency and coin in an amount equal to the amount for which the check is drawn; and
 - (v) Forward all patron checks to the main bank cashier.
- (4) Prior to acceptance of a travelers check from a patron, the general cashier shall verify its validity by:
 - (a) Requiring the patron to countersign the travelers check in his or her presence;

- (b) Comparing the countersignature with the original signature on the travelers check;
 - (c) Examining the travelers check for any other signs of tampering, forgery or alteration; and
 - (d) Performing any other procedures which the issuer of the travelers check requires in order to indemnify the acceptor against loss.
- (5) Prior to the acceptance of any tribal gaming operation check from a patron, a general cashier shall examine that patron's identification credentials to ensure the patron's identity and shall maintain documentation supporting that examination.
- (6) A person may obtain cash at the cashier's cage to be used for gaming purposes by presenting a recognized credit card to a general cashier. Prior to the issuance of cash to a person, the general cashier shall verify through the recognized credit card company the validity of the person's credit card, or shall verify through a recognized electronic funds transfer company which, in turn, verifies through the credit card company the validity of the person's credit card, and shall obtain approval for the amount of cash the person has requested. The general cashier shall then prepare such documentation as required by the tribal gaming operation to evidence such transactions and to balance the imprest fund prior to the issuance of the cash.

14. PROCEDURE FOR DEPOSITING CHECKS RECEIVED FROM GAMING PATRONS

- (1) All checks received in conformity with these standards shall be deposited in the tribal gaming operation's bank account in accordance with the tribal gaming operations normal business practice, but in no event later than seven (7) days after receipt.
- (2) In computing a time period prescribed by this section, the last day of the period shall be included unless it is a Saturday, Sunday, or a tribal, state or federal holiday, in which event the time period shall run until the next business day.
- (3) Any check deposited into a bank will not be considered clear until a reasonable time has been allowed for such check to clear the bank.

15. PROCEDURE FOR COLLECTING AND RECORDING CHECKS RETURNED TO THE GAMING OPERATION AFTER DEPOSIT

- (1) All dishonored checks returned by a bank ("returned checks") after deposit shall be returned directly to, and controlled by accounting department employees.
- (2) No person other than one employed within the accounting department may engage in efforts to collect returned checks except that a collection company or an attorney-at-law representing the tribal gaming operation may bring action for such collection. Any verbal or written communication with patrons regarding collection efforts, shall be documented in the collection section.
- (3) Continuous records of all returned checks shall be maintained by accounting department employees. Such records shall include, at a minimum, the following:
 - (a) The date of the check;
 - (b) The name and address of the drawer of the check;
 - (c) The amount of the check;
 - (d) The date(s) the check was dishonored;
 - (e) The date(s) and amount(s) of any collections received on the check after being returned by a bank.
- (4) A check dishonored by a bank may be immediately redeposited if there is sufficient reason to believe the check will be honored the second time.
- (5) If a check is dishonored a second time, the name of the person who submitted the check shall be kept in a log, and available to the cashier. Such person shall be prohibited from submitting a future check until the amount owed is paid in full.

16. PROCEDURE FOR ACCEPTING CASH AT GAMING STATIONS

- (1) The cash shall be spread on the top of the gaming station by the croupier or dealer, accepting it in full view of the patron who presented it and the facility supervisor specifically assigned to such gaming station.
- (2) The amount of cash shall be announced by the croupier or dealer accepting it in a tone of voice calculated to be heard by the patron who presented the cash and the facility supervisor specifically assigned to such gaming station. All cash changes of \$50.00 or over to be verified by supervisor.

- (3) Immediately after an equivalent amount of gaming chips has been given to the patron, the cash shall be taken from the top of the gaming station and placed by the croupier or dealer into the drop box attached to the gaming station.

17. ACCEPTANCE OF GRATUITIES FROM PATRONS

- (1) No tribal gaming operation employee directly concerned with management, accounting, security and surveillance shall solicit or accept any tip or gratuity from any player or patron.
- (2) The tribal gaming operation shall establish a procedure for accounting for all tips received by other gaming employees.
- (3) Upon receipt from a patron of a tip, a croupier or dealer assigned to a gaming station shall tap the table or wheel and extend his or her arm to show the pit boss that he has received a tip and immediately deposit such tip in the tip box. Tips received shall be retained by employees or pooled among employees in such manner as determined by the tribal gaming operation.

18. ADOPTION OF RULES FOR CLASS III ACTIVITIES

- (1) The tribal gaming operation shall submit for approval to the Tribal Gaming Agency rules to govern the conduct of Class III activities operated in the tribal gaming facility. Copies of game rules in effect, from time to time, shall be provided to the State Gaming Agency in accordance with the Compact. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed in the gaming facility and betting limits applicable to any gaming station shall be displayed at such gaming station. Game rules adopted by the Tribal Gaming Agency shall include in addition to the rules of play:
 - (a) Specifications provided by the equipment manufacturer or supplier applicable to gaming equipment:
 - (i) Physical characteristics of chips; and
 - (ii) Physical characteristics of the following:
 - (A) roulette tables;
 - (B) roulette balls;
 - (C) roulette wheels;

- (D) cards (including procedures for receipt and storage);
- (E) blackjack tables;
- (F) blackjack layouts;
- (G) poker tables;
- (H) dice (including procedures for receipt and storage);
- (I) craps tables;
- (J) craps layouts;
- (K) money wheels;
- (L) money wheel layouts;
- (M) baccarat and mini-baccarat tables;
- (N) baccarat and mini-baccarat layouts;
- (O) chuck-a-luck tables;
- (P) chuck-a-luck layouts;
- (Q) red dog tables;
- (R) red dog layouts;
- (S) beat the dealer layouts;
- (T) pai-gow tables and layouts;
- (U) dealing shoes (including procedures for receipts and storage);
- (V) bill changer devices;
- (W) such other equipment as may be required for use in otherwise authorized Class III activities.

(2) Rules for each authorized game, to include:

- (a) Procedures of play;
- (b) Minimum and maximum permissible wagers;
- (c) Shuffling, cutting and dealing techniques, as applicable;

- (d) Payout odds on each form of wager;
- (e) Procedures to be followed on occurrence of irregularities, including definition of irregularities as applicable to each game; and
- (f) Prohibitions on side betting between and against player and against the house.

19. **STATION INVENTORIES AND PROCEDURE FOR OPENING STATIONS FOR GAMING**

- (1) Whenever a gaming station is opened for gaming, operations shall commence with an amount of gaming chips and coins to be known as the "Station Inventory" and the tribal gaming operation shall not cause or permit gaming chips or coins to be added to or removed from such station inventory during the gaming day except:
 - (a) In exchange for cash;
 - (b) In payment of winning wagers and collection of losing wagers made at such gaming station;
 - (c) In exchange for gaming chips received from a patron having an equal aggregate face value; and
 - (d) In conformity with the fill and credit procedures described in these standards.
- (2) Each station inventory and the station inventory slip prepared in conformity with the procedures set forth in these standards shall be stored during non-gaming hours in a separate locked, clear container which shall be clearly marked on the outside with the game and the gaming station number to which it corresponds. The information on the station inventory slip shall be visible from the outside of the container. All containers shall be stored either in the cashier's cage during non-gaming hours or secured to the gaming station subject to arrangements for security approved by the Tribal Gaming Agency.
- (3) The keys to the locked containers containing the station inventories shall be maintained and controlled by the gaming facility department in a secure place and shall at no time be made accessible to any cashier's cage personnel or to any person responsible for transporting such station inventories to or from the gaming stations.
- (4) Whenever gaming stations are to be opened for gaming activity, the locked container securing the station inventory and the station inventory slip shall be unlocked by the gaming facility supervisor assigned to such station.

- (5) A croupier or dealer assigned to the gaming station shall count the contents of the container in the presence of the gaming facility supervisor assigned to such station and shall agree the count to the opener removed from the container.
- (6) Signatures attesting to the accuracy of the information on the opener shall be placed on such opener by the croupier or dealer assigned to the station and the gaming facility supervisor that observed the croupier or dealer count the contents of the container.
- (7) Any discrepancy between the amount of gaming chips and coins counted and the amount of the gaming chips and coins recorded on the opener, shall be immediately reported to the gaming facility manager, assistant gaming facility manager, or gaming facility shift manager in charge at such time, the security department and the Tribal Gaming Agency inspector verbally. Security will complete the standard security report in writing and immediately forward a copy to the Tribal Gaming Agency.
- (8) After the count of the contents of the container and the signing of the opener, such slip shall be immediately deposited in the drop box attached to the gaming station by the croupier or dealer after the opening of such station.

20. **PROCEDURE FOR DISTRIBUTING GAMING CHIPS AND COINS TO GAMING STATIONS**

- (1) A request for fill ("Request") shall be prepared by a gaming facility supervisor to authorize the preparation of a fill slip ("Fill") for the distribution of gaming chips and coins to gaming stations. The request shall be prepared in a duplicate form and restricted to gaming facility supervisors.
- (2) On the original and duplicate of the request, the following information, at a minimum, shall be recorded:
 - (a) The date, time and shift of preparation;
 - (b) The denomination of gaming chips or coins to be distributed to the gaming stations;
 - (c) The total amount of each denomination of gaming chips or coins to be distributed to the gaming stations;
 - (d) The game and station number to which the gaming chips or coins are to be distributed.
 - (e) The signature of the gaming facility supervisor; and

- (f) The signature of the security department member.
- (3) After preparations of the request, the original of such request shall be transported directly to the cashier's cage.
 - (4) The duplicate copy of the request shall be placed by the croupier or dealer in public view on the gaming station to which the gaming chips or coins are to be received. Such duplicate copy shall not be removed until the chips and coins are received, at which time the request and fill are deposited in the drop box.
 - (5) A fill shall be prepared by a cashier whenever gaming chips or coins are distributed to the gaming stations from the cashier's cast.
 - (6) Fills shall be serially pre-numbered forms, and each series of fills shall be used in sequential order, and the series of numbers of all fills received by a gaming facility shall be separately accounted. All the originals and duplicates of void fills shall be marked "VOID" and shall require the signature of the preparer.
 - (7) The following procedures and requirements shall be observed with regard to fills:
 - (a) Each series of fills shall be in triplicate form to be kept in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously while still located in the dispenser, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser;
 - (b) Access to the triplicate copy of the form shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of fills, placing fills in the dispensers, and removing from the dispensers, each day, the triplicate copies remaining therein.
 - (8) On the original, duplicate and triplicate copies of the fill, the preparer shall record, at a minimum, the following information:
 - (a) The denomination of the gaming chips or coins being distributed;
 - (b) The total amount of the gaming chips or coins being distributed;
 - (c) The total amount of all denominations of gaming chips or coins being distributed;

- (d) The game and station number to which the gaming chips or coins are being distributed;
 - (e) The date and shift during which the distribution of gaming chips or coins occur; and
 - (f) The signature of the preparer.
- (9) Upon preparation, the time of preparation of the fill shall be recorded, at a minimum, on the original and the duplicate.
- (10) All gaming chips or coins distributed to the gaming stations from the cashier's cage shall be transported directly to the gaming stations from the cashier's cage by a security department member who shall agree to the request to the fill and sign the original of the request, maintained at the cashier's cage, before transporting the - gaming chips or coins and the original and duplicate of the fill for signature.
- (11) Signatures attesting to the accuracy of the information contained on the original and duplicate of the fills shall be, at a minimum, of the following personnel at the following times:
- (a) The cashier upon preparation;
 - (b) The security department member transporting the gaming chips or coins to the gaming station upon receipt from the cashier of gaming Chips or coins to be transported;
 - (c) The croupier or dealer assigned to the gaming station upon receipt;
 - (d) The gaming facility supervisor assigned to the gaming station, upon receipt of the gaming chips or coins at such station.
- (12) Upon meeting the signature requirements as described in paragraph (11), the security department member that transported the gaming chips or coins and the original and duplicate copies of the fill to the station, shall observe the immediate placement by the croupier or dealer of the duplicate fill and duplicate request in the drop box attached to the gaming station to which the gaming chips or coins were transported and return the original fill to the fill bank where the original fill and request shall be maintained together and controlled by employees independent of the gaming facility department.

- (13) The original and duplicate "VOID" fills, the original request and the original fill, maintained and controlled in conformity with paragraph (12) shall be forwarded to:
- (a) The count team for agreement with the duplicate copy of the fill and duplicate copy of the request removed from the drop box after which the original and duplicate copy of the request and the original and duplicate copy of the fill shall be forwarded to the accounting department for agreement, on a daily basis, with the triplicate; or
 - (b) The accounting department for agreement, on a daily basis, with the duplicate fill and duplicate copy of the request removed from the drop box and the triplicate.

21. **PROCEDURE FOR REMOVING GAMING CHIPS AND COINS FROM GAMING STATIONS**

- (1) A request for credit ("Request") shall be prepared by a gaming facility supervisor to authorize the preparation of a credit ("Credit") for the removal of gaming chips and coins to the cashier's cage. The request shall be in duplicate form and access to such form shall, prior to use, be restricted to gaming facility supervisors.
- (2) On the original and the duplicate copy of the request the following information, at a minimum, shall be recorded:
 - (a) The date, time and shift of preparation;
 - (b) The denomination of gaming chips or coins to be removed from the gaming station;
 - (c) The total amount of each denomination of gaming chips or coins to be removed from the gaming station;
 - (d) The game and station number from which the gaming chips or coins are to be removed; and
 - (e) The signature of the gaming facility supervisor and croupier or dealer assigned to the gaming station from which gaming chips or coins are to be removed.
- (3) Immediately upon preparation of a request and transfer of gaming chips or coins to a security department member, a gaming facility supervisor shall obtain on the duplicate copy of the request, the signature of the security department member to whom the gaming chips or coins were transferred and the croupier or dealer shall place the duplicate copy in public view on the gaming station from which the gaming chips or coins were removed,

and such request shall not be removed until a credit is received from the fill bank at which time the request and credit are deposited in the drop box.

- (4) The original of the request shall be transported directly to the cashier's cage by the security department member who shall at the same time transport the gaming chips or coins removed from the gaming station.
- (5) A credit shall be prepared by a fill bank cashier whenever gaming chips or coins are removed from the gaming stations to the cashier's cage.
- (6) Credits shall be serially pre-numbered forms, each series of credits shall be used in sequential order, and the series number of all credits received by a gaming facility shall be separately accounted for. All original and duplicate copies of credits shall be marked "VOID" and shall require the signature of the preparer.
- (7) The following procedures and requirements shall be observed with regard to credits:
 - (a) Each series of credits shall be a three-part form and shall be inserted in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously while still locked in the dispenser, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser.
 - (b) Access to the triplicate shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of credits, placing credits in the dispensers, and removing from the dispensers, each day, the triplicates remaining therein.
- (8) On the original, duplicate and triplicate copies of a credit, the preparer shall record, at a minimum, the following information:
 - (a) The denomination of the gaming chips or coins removed from the gaming station to the cashier's cage;
 - (b) The total amount of each denomination of gaming chips or coins removed from the gaming station to the cashier's cage;
 - (c) The total amount of all denominations of gaming chips or coins removed from the gaming station to the cashier's cage;

- (d) The game and station number from which the gaming chips or coins were removed;
 - (e) The date and shift during which the removal of gaming chips or coins occurs; and
 - (f) The signature of the preparer.
- (9) Upon preparation, the time of preparation of the credit shall be recorded, at a minimum, on the original and duplicate copy.
- (10) Signatures attesting to the accuracy of the information contained on the original and the duplicate copy of a credit shall include, at a minimum, the following personnel at the following times:
- (a) The fill bank cashier upon preparation;
 - (b) The security department member transporting the gaming chips or coins to the cashier's cage;
 - (c) The croupier or dealer assigned to the gaming station upon receipt at such station from the security department member; and
 - (d) The gaming facility supervisor assigned to the gaming station upon receipt at such station.
- (11) Upon meeting the signature requirements as described in paragraph (10), the security department member transporting the original and duplicate copies of the credit to the gaming station, shall observe the immediate placement by the croupier or dealer of the duplicate copies of the credit and request in the drop box attached to the gaming station from which the gaming chips or coins are removed. The security department member shall expeditiously return the original credit to the fill bank where the original of the credit and request shall be maintained together, and controlled by employees independent of the gaming facility department.
- (12) The original and duplicate copies of "VOID" credits and the original request and credit, maintained and controlled in conformity with paragraph (11) shall be forwarded to:
- (a) The count team for agreement with the duplicate credit and the duplicate request removed from the drop box, after which the request and the original and duplicate credit shall be forwarded to the accounting department for agreement, on a daily basis, with the triplicate; or

- (b) The accounting department for agreement, on a daily basis, with the duplicate copies of the credit and request removed from the drop box and the triplicate.

22. PROCEDURE FOR SHIFT CHANGES AT GAMING STATIONS

- (1) Whenever gaming stations are to remain open for gaming activity at the conclusion of a shift, the gaming chips and coins remaining at the gaming stations at the time of the shift change shall be counted by either the croupier or dealer assigned to the outgoing shift; and the croupier or dealer assigned to the incoming shift, or the croupier or dealer assigned to the gaming station at the time of a drop box shift change which does not necessarily coincide with an employee shift change. The count shall be observed by the gaming facility supervisor assigned to the gaming station at the time of a drop box shift change.
- (2) The gaming chips and coins counted shall be recorded on the station inventory slip by the gaming facility supervisor assigned to the gaming station of the outgoing shift or the gaming facility supervisor assigned to the gaming station at the time of the drop box shift change.
- (3) Station inventory slips shall be three-part serially pre-numbered forms and on the original of the slip ("Closer"), the duplicate of the slip ("Opener"), and on the triplicate, which is maintained and controlled by security, the gaming facility supervisor shall record the following:
 - (a) The date and identification of the shift ended;
 - (b) The game and station number;
 - (c) The total value of each denomination of gaming chips and coins remaining at the station.
- (4) Signatures attesting to the accuracy of the information recorded on the station inventory slips shall be of either the croupier or dealer and the gaming facility supervisor assigned to the incoming and outgoing shifts or the croupier or dealer and the gaming facility supervisor assigned to the gaming station at the time of a drop box shift change.
- (5) Upon meeting the signature requirements as described in paragraph (4), the closer shall be deposited in the drop box that is attached to the gaming station immediately prior to the change of shift at which time the drop boxes shall then be removed and the opener shall be deposited in the replacement drop box that is to be attached to the gaming stations immediately following the change of shift.

The triplicate shall be forwarded to the accounting department by a security department member.

23. PROCEDURE FOR CLOSING GAMING STATIONS

- (1) Whenever the daily gaming activity at each gaming station is concluded, the gaming chips and coins on the gaming station shall be counted by the croupier or dealer assigned to the gaming station and observed by a gaming facility supervisor assigned to the gaming station, and the entire count and closure process shall be monitored and taped by the surveillance department and those tapes retained for a period of at least thirty (30) days.
- (2) The gaming chips and coins counted shall be recorded on a station inventory slip by the gaming facility supervisor assigned to the gaming station.
- (3) Station inventory slips shall be three-part serially pre-numbered forms and on the original of the slip ("Closer"), the duplicate of the slip ("Opener"), and on the triplicate, which is maintained and controlled by security, the gaming facility supervisor shall record the following:
 - (a) The date and identification of the shift ended;
 - (b) The game and station number;
 - (c) The total value of each denomination of gaming chips and coins remaining at the stations; and
 - (d) The total value of all denominations of gaming chips and coins remaining at the gaming stations.
- (4) Signatures attesting to the accuracy of the information recorded on the station inventory slips at the time of the closing of a gaming station shall include that of the croupier or dealer and the gaming facility supervisor assigned to the gaming station who observed the croupier or dealer count the contents of the station inventory.
- (5) Upon meeting the signature requirements specified in paragraph (4), the closer shall be deposited in a drop box attached to the gaming station immediately prior to the closing of the station.
- (6) The triplicate copy of the station inventory slip shall be forwarded to the accounting department by a security department member.
- (7) Upon meeting the signature requirements specified in paragraph (4), the opener and the gaming chips remaining at the station shall be placed in the clear container provided

for that purpose as specified in these standards after which the container shall be locked.

- (8) At the end of each gaming day, if the locked containers are transported to the cashier's cage, a cage cashier shall determine that all locked containers have been returned or, if the locked containers are secured to the gaming station, a gaming facility supervisor shall account for all the locked containers.

Provided, that an alternative method to the procedures set forth in this Section 23 above may be approved by mutual agreement of the Tribal and State Gaming Agencies in a Memorandum of Understanding.

24. COUNT ROOM: CHARACTERISTICS

- (1) As part of the gaming operation, there shall be a room specifically designated for counting the contents of drop boxes which shall be known as the count room.
- (2) The count room shall be designed and constructed to provide maximum security for the materials housed therein and for the activities conducted therein, to include at a minimum, the following:
 - (a) A door equipped with two separate locks securing the interior of the count room, the keys to which shall be different from each other and from the keys to the locks securing the contents of the drop boxes, and one key shall be maintained and controlled by the security department in a secure area within the security department, access to which may be gained only by a nominated security department member, and the other key maintained and controlled by the gaming facility department;
 - (b) The security department shall establish a sign out procedure for all keys removed from the security department; and
 - (c) An alarm device connected to the entrance of the count room in such a manner as to cause a signalling to the monitors of the closed circuit television system in the gaming facility's surveillance monitor room whenever the door to the count room is opened.
- (3) Located within the count room shall be:
 - (a) A table constructed of clear glass or similar material for the emptying, counting and recording of the contents of the drop boxes which shall be known as the "Count Table";

- (b) Closed circuit television cameras and microphones wired to monitoring rooms capable of, but not limited to the following:
 - (i) Effective and detailed video and audio monitoring of the entire count process;
 - (ii) Effective, detailed video-monitoring of the count room, including storage cabinets or trolleys used to store drop boxes; and
 - (iii) Video and audio taping of the entire count process and any other activities in the count room.

25. PROCEDURE FOR COUNTING AND RECORDING CONTENTS OF DROP BOXES

- (1) The contents of drop boxes shall be counted and recorded in the count room in conformity with this standard.
- (2) The tribal gaming operation shall notify the Tribal Gaming Agency through an inspector whenever the contents of drop boxes removed from gaming stations are to be counted and recorded which, at a minimum, shall be once each gaming day.
- (3) The opening, counting and recording of the contents of drop boxes shall be performed in the presence of an inspector and by those employees assigned by the tribal gaming operation for the conduct of the count ("Count Team") who have no incompatible functions. To gain entrance to the count room, the inspector may be required to present an official identification card containing his or her photograph issued by the Tribal Gaming Agency.
- (4) Immediately prior to the opening of the drop boxes, the doors to the count room shall be securely locked and, except as otherwise authorized by this standard, no person shall be permitted to enter or leave the count room, except during a normal work break or in an emergency, until the entire counting, recording and verification process is completed.
- (5) Immediately prior to the commencement of the count, one count team member shall notify the person assigned to the closed circuit television monitoring station in the establishment that the count is about to begin, after which such a person shall make a video and audio recording, with the time and date inserted thereon, of the entire counting process which shall be retained by the security department for at least seven (7) days from the date of recording unless otherwise directed by the Tribal Gaming Agency or State Gaming Agency.

- (6) Procedures and requirements for conducting the count shall be the following:
- (a) As each drop box is placed on the count table, one count team member shall announce, in a tone of voice to be heard by all persons present and to be recorded by the audio recording device, the game, station number, and shift marked thereon;
 - (b) The contents of each drop box shall be emptied and counted separately on the count table, which procedures shall be at all times conducted in full view of the closed circuit television cameras located in the count room;
 - (c) Immediately after the contents of a drop box are emptied onto the count table, the inside of the drop box shall be held up to the full view of a closed circuit television camera, and shall be shown to at least one other count team member and the Tribal Gaming Agency inspector to confirm that all contents of the drop box have been removed, after which the drop box shall be locked and placed in the storage area for drop boxes;
 - (d) The contents of each drop box shall be segregated by a count team member into separate stacks on the count table by denominations of coin and currency and by type of form, record or document;
 - (e) Each denomination of coin and currency shall be counted separately by at least two count team members who shall place individual bills and coins of the same denomination on the count table in full view of the closed circuit television cameras, and such count shall be observed and the accuracy confirmed orally or in writing, by at least one other count team member;
 - (f) As the contents of each drop box are counted, one count team member shall record or verify on a master game report, by game, station number, and shift, the following information:
 - (i) The total amount of currency and coin counted;
 - (ii) The amount of the opener;
 - (iii) The amount of the closer;
 - (iv) The serial number and amount of each fill;
 - (v) The total amount of all fills;
 - (vi) The serial number and amount of each credit;

- (vii) The total amount of all credits; and
 - (viii) The win or loss.
 - (g) After the contents of each drop box have been counted and recorded, one member of the count team shall record by game and shift, on the master game report, the total amounts of currency and coin, station inventory slips, fills and credits counted, and win or loss, together with such additional information as may be required on the master game report by the tribal gaming operation;
 - (h) Notwithstanding the requirements of sub-paragraphs (f) and (g), if the tribal gaming operation's system of accounting and internal controls provides for the recording on the master game report of fills, credits, and station inventory slips by cage cashiers prior to the commencement of the count, a count team member shall compare for agreement the serial numbers and totals of the amounts recorded thereon to the fills, credits, and station inventory slips removed from the drop boxes;
 - (i) Notwithstanding the requirements of sub-paragraphs (f) and (g), if the tribal gaming operation's system of accounting and internal controls provides for the count team functions to be comprised only of counting and recording currency, coin, and credits; accounting department employees shall perform all other counting, recording and comparing duties herein;
 - (j) After completion and verification of the master game report, each count team member shall sign the report attesting to the accuracy of the information recorded thereon;
 - (k) At no time after the inspector has signed the master game report shall any change be made to it without prior written approval of the Tribal Gaming Agency.
- (7) Procedures and requirements at the conclusion of the count for each gaming shift shall be the following:
- (a) All cash removed from each drop box after the initial count shall be presented in the count room by a count team member to a cashier who, prior to having access to the information recorded on the master game report and in the presence of the count team and the inspector, shall re-count, either manually or mechanically, the cash received, after which the inspector shall sign the report evidencing his or her presence during the count and the fact that both the

cashier and count team have agreed on the total amount of dash counted;

- (b) The top copy of the master game report, after signing, and the requests for fills, the fills, the requests for credits, the credits, and the station inventory slips removed from drop boxes shall be transported directly to the accounting department and shall not be available to any cashier's cage personnel;
 - (c) A duplicate of the master game report, but no other document referred to in this standard whatsoever, shall be retained by the inspector.
 - (d) If the tribal gaming operation's system of accounting and internal controls does not provide for the forwarding from the cashier's cage of the duplicate of the fills, credits, request for credits, request for fills, such documents recorded or to be recorded on the master game report shall be transported from the count room directly to the accounting department.
- (8) The originals and copies of the master game report, request for fills, fills, request for credits, credits and station inventory slips shall, on a daily basis, in the accounting department be:
- (a) Compared for agreement with each other, on a test basis, by persons with no recording responsibilities and, if applicable, to triplicates or stored data;
 - (b) Reviewed for the appropriate number and propriety of signatures on a test basis;
 - (c) Accounted for by series numbers, if applicable;
 - (d) Tested for proper calculation, summarization, and recording;
 - (e) Subsequently recorded; and
 - (f) Maintained and controlled by the accounting department.

26. SIGNATURES

(1) Signatures shall:

- (a) Be, at a minimum, the signer's first initial and last name;

- (b) Be immediately adjacent to, or above the clearly printed or pre-printed title of the signer and his or her certificate or permit number; and
 - (c) Signify that the signer has prepared forms, records, and documents, and/or authorized to a sufficient extent to attest to the accuracy of the information recorded thereon, in conformity with these standards and the tribal gaming operation's system of accounting and internal control.
- (2) Signature records shall be prepared for each person required by these standards to sign or initial forms, records and documents, and shall include specimens of signatures and initials of signers. Such signature records shall be maintained on a dated signature card file, alphabetically by name, within a department. The signature records shall be adjusted on a timely basis to reflect changes of personnel.
- (3) Signature records shall be securely stored in the accounting department.